



CITY OF MANSFIELD

1200 E. Broad St.
Mansfield, TX 76063
mansfieldtexas.gov

Meeting Agenda

City Council

Monday, February 8, 2021

4:00 PM

Council Chambers

REGULAR MEETING

THIS MEETING WILL BE HELD BY VIDEO CONFERENCING. To participate, please register at

https://mansfieldtexas.zoom.us/webinar/register/WN_zyHST05IT6ud1wTkdOng8A by 7:00 p.m. on Monday, February 8, 2021 or join by telephone at 1-888-788-0099 (Toll Free). If joining by phone, please provide the Webinar ID number and password below:

Webinar ID: 962-9198-3667

Passcode: 1234567

Citizen comments may also be submitted through the city's website www.mansfieldtexas.gov or by sending an email to susana.marin@mansfieldtexas.gov. All comments must be submitted by 4:00 p.m. on Monday, February 8, 2021. Comments received will be read into the record by the Mayor or the City Secretary.

1. 4:00 P.M. - CALL MEETING TO ORDER

2. RECESS INTO EXECUTIVE SESSION

Pursuant to Section 551.071, Texas Government Code, the Council reserves the right to convene in Executive Session(s), from time to time as deemed necessary during this meeting for any posted agenda item, to receive advice from its attorney as permitted by law.

**A. Pending or Contemplated Litigation or to Seek the Advice of the City Attorney
Pursuant to Section 551.071**

Seek Advice of City Attorney Regarding Pending Litigation - Cause No. 348-270155-14

Seek Advice of City Attorney Regarding Legal Duties, Responsibilities, and Authority of Elected Officials

Seek Advice of City Attorney on Matters Relating to HIPPA Protected Information

Seek Advice of City Attorney Regarding Legal Issues Relating to Governmental Procurement

**B. Discussion Regarding Possible Purchase, Exchange, Lease, or Value of Real
Property Pursuant to Section 551.072**

Possible Land Sale of MEDC Owned Property in the Mansfield International Business Park

- C. **Personnel Matters Pursuant to Section 551.074**
- D. **Deliberation Regarding Commercial or Financial Information Received From or the Offer of a Financial or Other Incentive Made to a Business Prospect Seeking to Locate, Stay or Expand in or Near the Territory of the City and with which the City is Conducting Economic Development Negotiations Pursuant to Section 551.087**

Economic Development Project 21-02

- 3. **6:50 P.M. – COUNCIL BREAK PRIOR TO REGULAR BUSINESS SESSION**
- 4. **7:00 PM OR IMMEDIATELY FOLLOWING EXECUTIVE SESSION - RECONVENE INTO REGULAR BUSINESS SESSION**
- 5. **INVOCATION**
- 6. **PLEDGE OF ALLEGIANCE**
- 7. **TEXAS PLEDGE**

"Honor the Texas Flag; I Pledge Allegiance to Thee, Texas, One State Under God; One and Indivisible"

- 8. **PRESENTATION**

Recognition of Outgoing Mayor Pro Tem

- 9. **CITIZEN COMMENTS**

Citizens wishing to address the Council on non-public hearing agenda items and items not on the agenda may do so at this time. Due to regulations of the Texas Open Meetings Act, please do not expect a response from the Council as they are not able to do so. THIS WILL BE YOUR ONLY OPPORTUNITY TO SPEAK UNLESS YOU ARE SPEAKING ON A SCHEDULED PUBLIC HEARING ITEM. After the close of the citizen comments portion of the meeting only comments related to public hearings will be heard. All comments are limited to five (5) minutes.

In order to be recognized during the "Citizen Comments" or during a Public Hearing (applicants included), please complete a blue or yellow card located at the Assistant City Secretary's seating place. Please present the card to the Assistant City Secretary prior to the start of the meeting.

- 10. **COUNCIL ANNOUNCEMENTS**

11. STAFF COMMENTS

In addition to matters specifically listed below, Staff comments may include updates on ongoing or proposed projects and address of posted agenda items.

A. City Manager Report or Authorized Representative

Current/Future Agenda Items

Internship Program Update - Nicolette Allen

Neighborhood Leadership Roundtable Update - Bernadette McCranie

B. Police Department Report

[21-3943](#) Presentation of the Mansfield Police Department Annual Contact Report for 2020

Presenters: Tracy Aaron

Attachments: [2020 Citizen Contact Report](#)

12. TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION**13. CONSENT AGENDA**

All matters listed under consent agenda have been previously discussed, require little or no deliberation, or are considered to be routine by the council. If discussion is desired, then an item will be removed from the consent agenda and considered separately. Otherwise, approval of the consent agenda authorizes the City Manager to implement each item in accordance with staff's recommendation.

ITEMS TO BE REMOVED FROM THE CONSENT AGENDA

[21-3938](#) Resolution - A Resolution Authorizing the City Manager and the Police Department to Make Application, Receive, and Expend Grant Funding from The Criminal Justice Department (CJD) of the Governor's Office of the State of Texas to Upgrade the In-Car Video Equipment of the Following Police Divisions: Patrol, Traffic, Commercial Vehicle Enforcement, and Community Resource

Presenters: Tracy Aaron

Attachments: [Resolution](#)

[21-3946](#) Resolution - A Resolution by the City Council of the City of Mansfield, Texas Authorizing the City Manager to enter into an Interlocal Agreement with the City of Midlothian for the Purpose of Cooperative Purchase of Goods, Products and/or Services

Presenters: Troy Lestina

Attachments: [Resolution](#)

[Cooperative Purchase Agreement](#)

[21-3939](#) Minutes - Approval of the January 25, 2021 Regular City Council Meeting Minutes

Presenters: Susana Marin

Attachments: [Draft 1-25-21 City Council Minutes](#)

END OF CONSENT AGENDA

14. NEW BUSINESS

[21-3941](#) Ordinance - Approval of an Ordinance of the City Council of the City of Mansfield, Texas Authorizing the Issuance and Sale of City of Mansfield, Texas, Waterworks and Sewer System Revenue Bonds, Series 2021; Providing for the Security for and Payment of Said Bonds; Prescribing the Form of Said Bonds; Approving Execution and Delivery of a Deposit Agreement; Approving the Official Statement; Approving an Engagement Letter and Enacting Other Provisions Relating Thereto

Presenters: Troy Lestina

Attachments: [Ordinance](#)

[Preliminary Official Statement](#)

[21-3942](#) Ordinance - Approval of an Ordinance of the City of Mansfield, Texas Amending Chapter 38, "Taxation and Finance" of the Code of Ordinances of Mansfield, Texas by Amending Provisions Related to Payment and Collection of the Hotel Occupancy Tax Levied by the City Pursuant to the Texas Tax Code; Providing That This Ordinance Shall be Cumulative of all Ordinances; Providing a Severability Clause; Providing a Penalty for Violation; and Providing an Effective Date

Presenters: Troy Lestina

Attachments: [Ordinance](#)

[Proposed Amendments](#)

[21-3945](#) Ordinance - Approval of an Ordinance Requesting to Abandon Two Permanent Drainage Easements Relating to the Somerset Phase Three Addition to Bloomfield Homes, L.P.

Presenters: Bart VanAmburgh

Attachments: [Exhibit A-1](#)

[Exhibit A-2](#)

[Exhibit B-1](#)

[Exhibit B-2](#)

[Ordinance](#)

[Quit Claim Deed](#)

[Map](#)

[21-3944](#)

Discussion - A Discussion by the City Council of the City of Mansfield, Texas to Determine Nominating a Candidate to Serve as a Board Member for Ellis County Appraisal District for Calendar Year 2021

Presenters: Troy Lestina

Attachments: [Ellis Appraisal District Correspondence](#)

15. ADJOURN

CERTIFICATION

THIS IS TO CERTIFY THAT A COPY OF THE NOTICE OF the February 8, 2021 Regular City Council Agenda was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, mansfieldtexas.gov, on Thursday, February 4, 2021 prior to 5:00 p.m., in compliance with Chapter 551, Texas Government Code.

Susana Marin, City Secretary

Approved as to form:

City Attorney

DATE OF POSTING: _____ TIME: _____ am/pm

DATE TAKEN DOWN: _____ TIME: _____ am/pm

This facility is ADA compliant. If you plan to attend this public meeting and have a disability that requires special arrangements, please call (817) 473-0211 at least 48 hours in advance. Reasonable accommodation will be made to assist your needs. PLEASE SILENCE ALL PAGERS, CELL PHONES & OTHER ELECTRONIC EQUIPMENT WHILE THE CITY COUNCIL MEETING IS IN SESSION.



CITY OF MANSFIELD

1200 E. Broad St.
Mansfield, TX 76063
mansfieldtexas.gov

STAFF REPORT

File Number: 21-3943

Agenda Date: 2/8/2021

Version: 1

Status: To Be Presented

In Control: City Council

File Type: Presentation

Agenda Number:

Title

Presentation of the Mansfield Police Department Annual Contact Report for 2020

Requested Action

None

Recommendation

None

Description/History

The Texas Legislature, with the intent of addressing the issue of racial profiling in policing, enacted in 2001 the Texas Racial Profiling Law. Since then, the Mansfield Police Department, in accordance with the law, has collected and reported traffic and motor vehicle-related contact data for the purpose of identifying and addressing (if necessary) areas of concern regarding racial profiling practices. In the 2009 Texas legislative session, the Racial Profiling Law was modified and additional requirements were implemented. Moreover, in 2017, the Sandra Bland Act was passed and signed into law (along with HB 3051 which introduced new racial and ethnic designations). The Sandra Bland Act requires for all law enforcement agencies in the state to collect additional data and provide a more detailed analysis.

Not later than March 1 of each year, the local Law Enforcement Agency shall submit a report containing the information compiled during the previous calendar year to the governing body of the municipality served by the agency as well as the Texas Commission on Law Enforcement (TCOLE).

The attached reports titled Mansfield Police Department Annual Contact Report for 2019 completed by Alex del Carmen, PH.D. of Del Carmen Consulting, LLC serves as evidence of the Mansfield Police Department's commitment to comply with the Texas Racial Profiling Law.

Justification

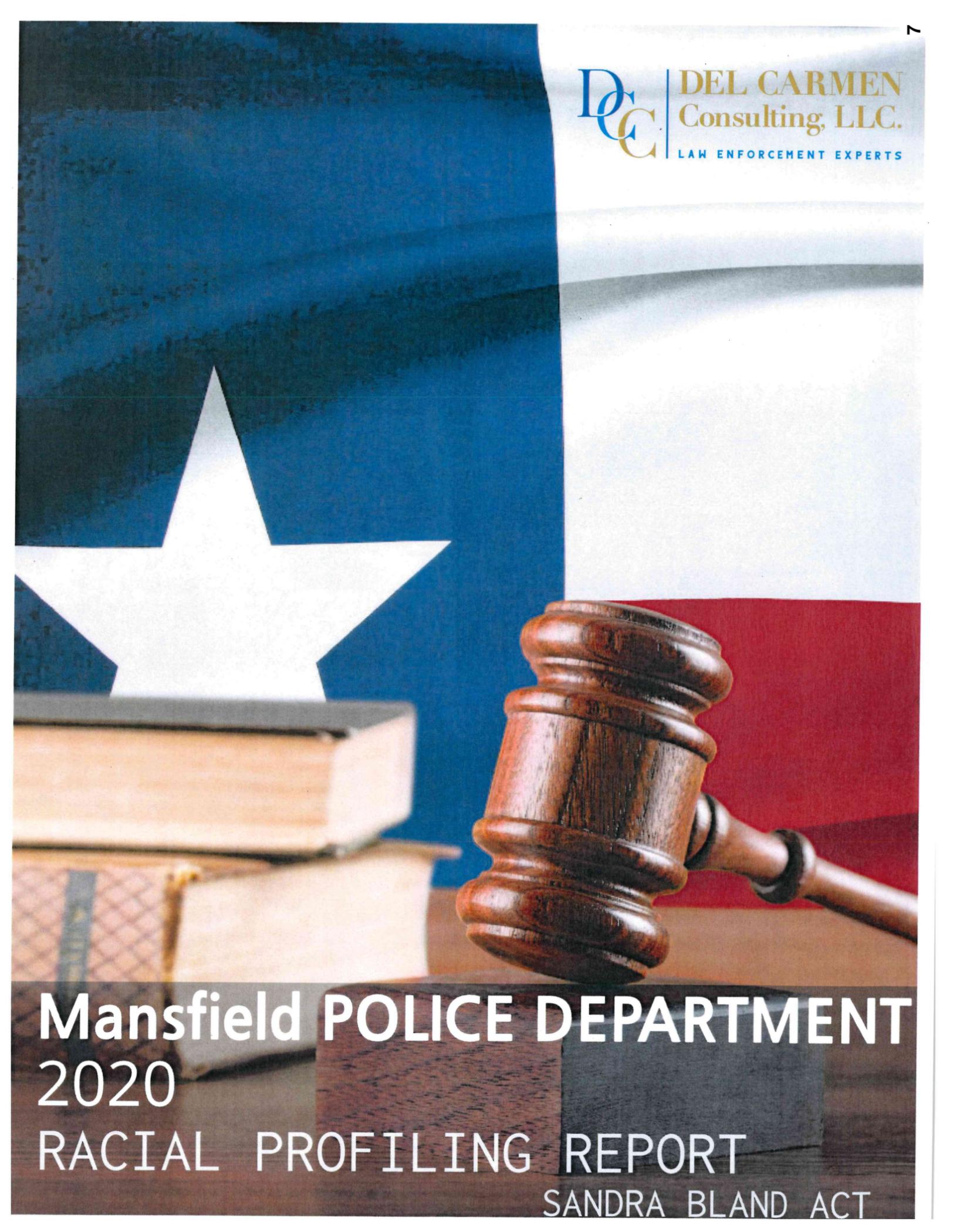
NA

Funding Source

NA

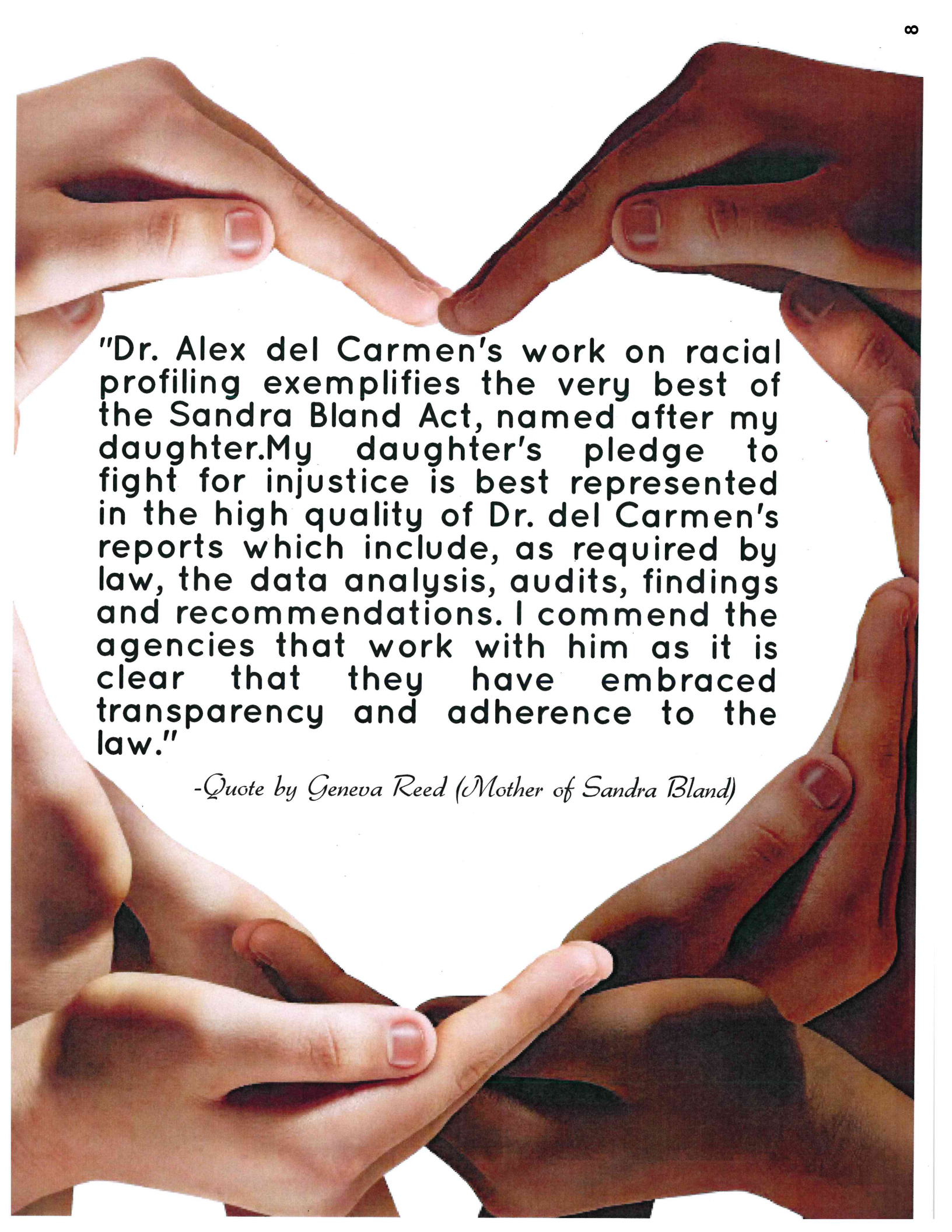
Prepared By

Tracy L. Aaron, Chief of Police, Mansfield Police Department
817 804 5782



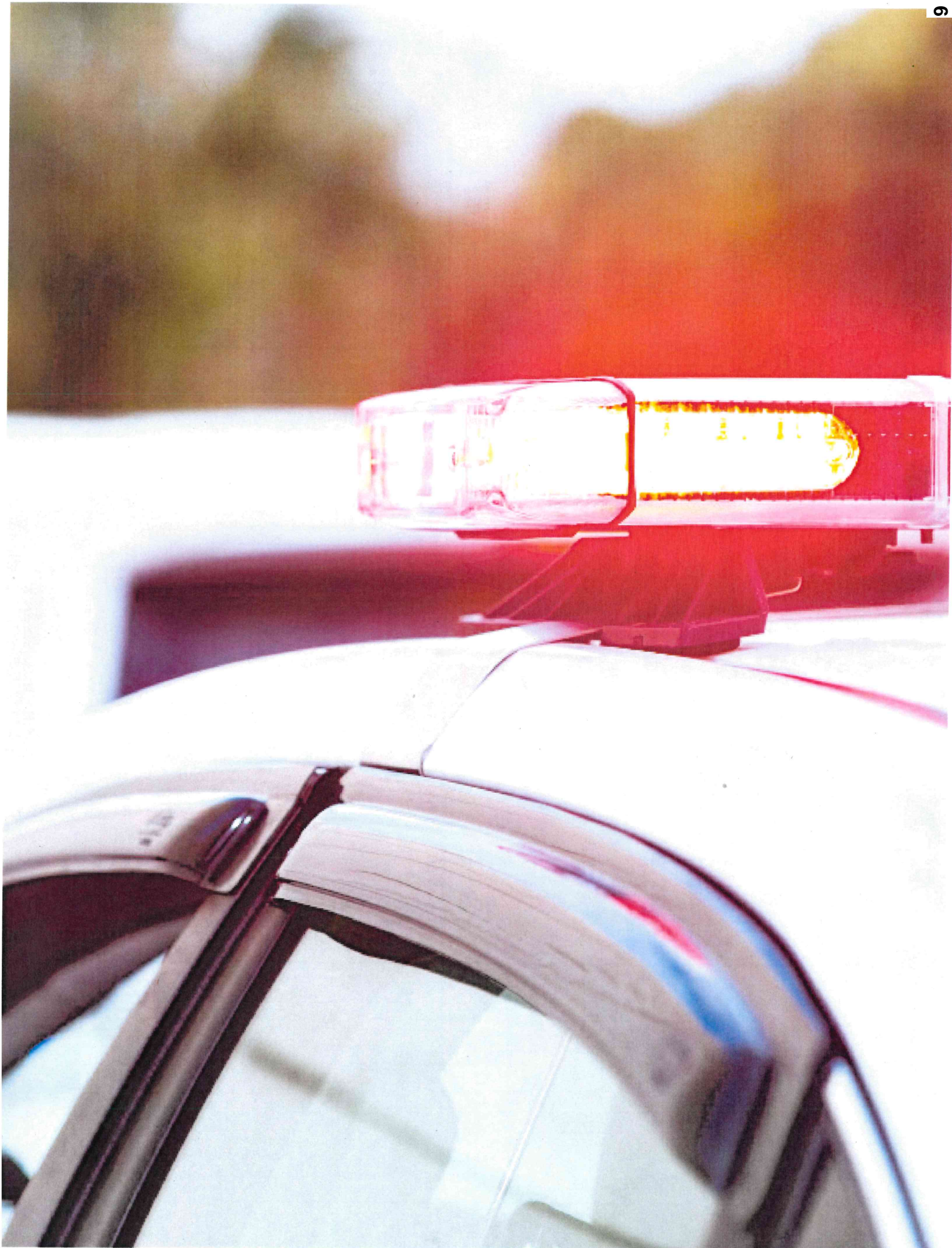
Mansfield POLICE DEPARTMENT
2020
RACIAL PROFILING REPORT

SANDRA BLAND ACT

Four hands of different skin tones (light, medium, and dark) are positioned around the text, with their index fingers pointing towards the center, forming a circular frame. The background is white.

"Dr. Alex del Carmen's work on racial profiling exemplifies the very best of the Sandra Bland Act, named after my daughter. My daughter's pledge to fight for injustice is best represented in the high quality of Dr. del Carmen's reports which include, as required by law, the data analysis, audits, findings and recommendations. I commend the agencies that work with him as it is clear that they have embraced transparency and adherence to the law."

-Quote by Geneva Reed (Mother of Sandra Bland)



January 20, 2021
 Mansfield City Council
 1305 E. Broad Street
 Mansfield, Texas 76063

Dear Distinguished Members of the City Council,

The Texas Legislature, with the intent of addressing the issue of racial profiling in policing, enacted in 2001, the Texas Racial Profiling Law. During the past year, the Mansfield Police Department, in accordance with the law, has collected and reported motor vehicle-related contact data for the purpose of identifying and addressing (if necessary) areas of concern regarding racial profiling practices. In the 2009 Texas legislative session, the Racial Profiling Law was modified and additional requirements were implemented. Moreover, in 2017, the Sandra Bland Act was passed and signed into law (along with HB 3051 which introduced new racial and ethnic designations). The Sandra Bland Law requires that law enforcement agencies in the state collect additional data and provide a more detailed analysis. All of these requirements have been met by the Mansfield Police Department and are included in this report.



This particular report contains three sections with information on motor vehicle-related contact data. In addition, when appropriate, documentation is also a component of this report, aiming at demonstrating the manner in which the Mansfield Police Department has complied with the Texas Racial Profiling Law. In section 1, you will find the table of contents in addition to the Texas Senate Bill (SB1074); which later became the Texas Racial Profiling Law. Further, you will find the Texas HB 3389, which, in 2009, introduced new requirements relevant to racial profiling as well as the Sandra Bland Act. Also, in this section, a list of requirements relevant to the Racial Profiling Law as established by TCOLE (Texas Commission on Law Enforcement) is included. In addition, you will find, in sections 2 and 3 documentation which demonstrates compliance by the Mansfield Police Department relevant to the requirements as established in the Texas Racial Profiling Law. That is, you will find documents relevant to the implementation of an institutional policy banning racial profiling, the incorporation of a racial profiling complaint process and the training administered to all law enforcement personnel.

The last section of this report includes statistical data relevant to contacts, made during the course of motor vehicle stops and in accordance with the law, between 1/1/20 and 12/31/20. In addition, this section contains the TCOLE Tier 2 form, which is required to be submitted to this particular organization by March 1st of each year. The data in this report has been analyzed and compared to data derived from the U.S. Census Bureau's Fair Roads Standard. The final analysis and recommendations are also included in this report. The findings in this report serve as evidence of the Mansfield Police Department's commitment to comply with the Texas Racial Profiling Law.

Sincerely,

Alex del Carmen, Ph.D.

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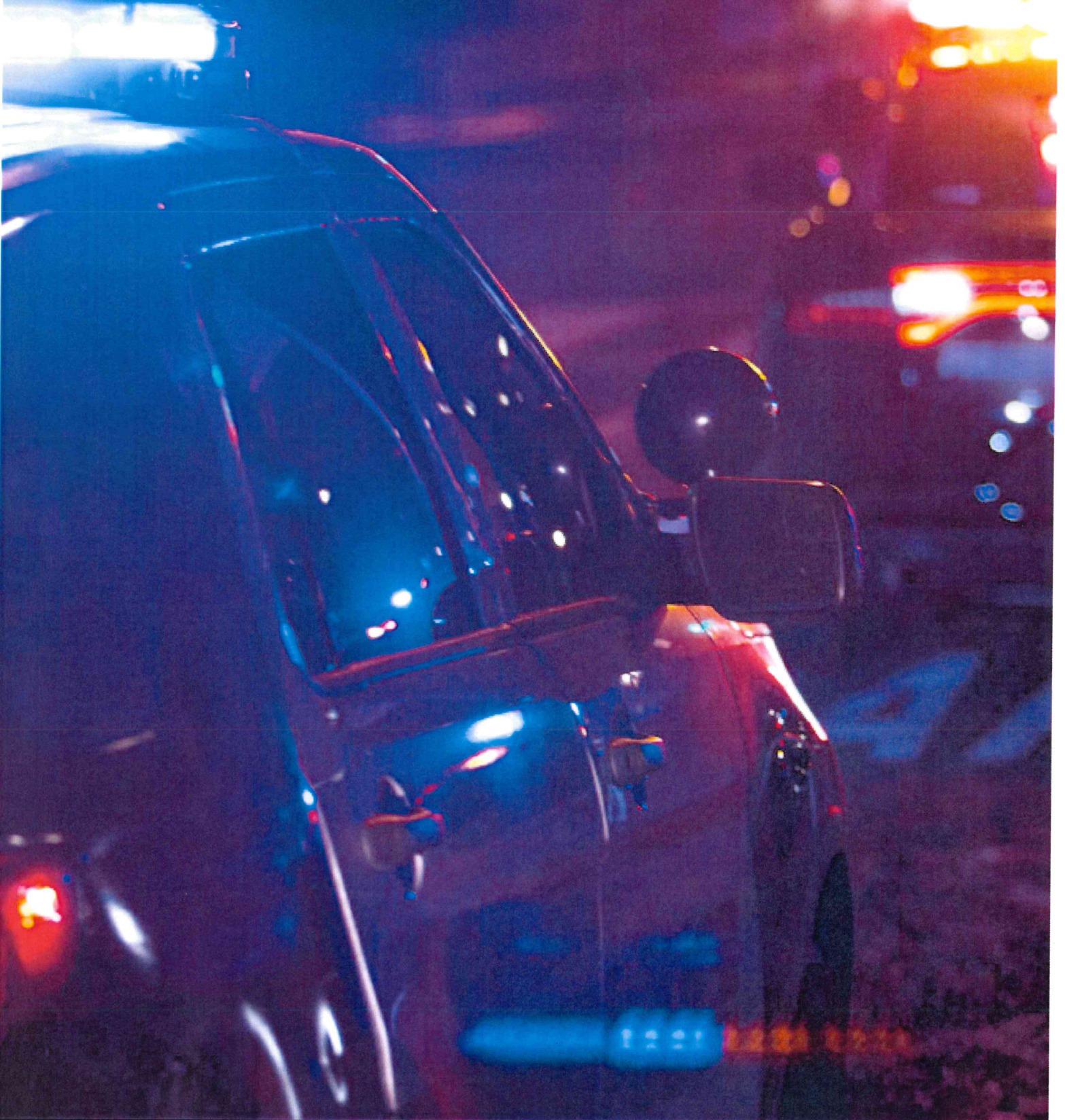
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Responding to the Law

12



Public Education on Filing Compliments and Complaints

Informing the Public on the Process of Filing a Compliment or Complaint with the Mansfield Police Department

The Texas Racial Profiling Law requires that police agencies provide information to the public regarding the manner in which to file a compliment or racial profiling complaint. In an effort to comply with this particular component, the Mansfield Police Department launched an educational campaign aimed at informing the public on issues relevant to the racial profiling complaint process.

The police department made available, in the lobby area and on its web site, information relevant to filing a compliment and complaint on a racial profiling violation by a Mansfield Police officer. In addition, each time an officer issues a citation, ticket or warning, information on how to file a compliment or complaint is given to the individual cited. This information is in the form of a web address (including in the document issued to the citizen), which has instructions and details specifics related to the compliment or complaint processes.

It is believed that through these efforts, the community has been properly informed of the new policies and the complaint processes relevant to racial profiling.

All Mansfield Police officers have been instructed, as specified in the Texas Racial Profiling Law, to adhere to all Texas Commission on Law Enforcement (TCOLE) training and the Law Enforcement Management Institute of Texas (LEMIT) requirements. To date, all sworn officers of the Mansfield Police Department have completed the TCOLE basic training on racial profiling. The main outline used to train the officers of Mansfield has been included in this report.

It is important to recognize that the Chief of the Mansfield Police Department has also met the training requirements, as specified by the Texas Racial Profiling Law, in the completion of the LEMIT program on racial profiling. The satisfactory completion of the racial profiling training by the sworn personnel of the Mansfield Police Department fulfills the training requirement as specified in the Education Code (96.641) of the Texas Racial Profiling Law.

Racial Profiling

Course Number 3256

Texas Commission on Law Enforcement

September 2001

Racial Profiling 3256

Instructor's Note:

You may wish to teach this course in conjunction with Asset Forfeiture 3255 because of the related subject matter and applicability of the courses. If this course is taught in conjunction with Asset Forfeiture, you may report it under Combined Profiling and Forfeiture 3257 to reduce data entry.

Abstract

This instructor guide is designed to meet the educational requirement for racial profiling established by legislative mandate: 77R-SB1074.

Target Population: Licensed law enforcement personnel in Texas

Prerequisites: Experience as a law enforcement officer

Length of Course: A suggested instructional time of 4 hours

Material Requirements: Overhead projector, chalkboard and/or flip charts, video tape player, handouts, practical exercises, and demonstrations

Instructor Qualifications: Instructors should be very knowledgeable about traffic stop procedures and law enforcement issues

Evaluation Process and Procedures

An examination should be given. The instructor may decide upon the nature and content of the examination. It must, however, sufficiently demonstrate the mastery of the subject content by the student.

Reference Materials

Reference materials are located at the end of the course. An electronic copy of this instructor guide may be downloaded from our web site at <http://www.tcleose.state.tx.us>.



Racial Profiling 3256

1.0 RACIAL PROFILING AND THE LAW

1.1 UNIT GOAL: The student will be able to identify the legal aspects of racial profiling.

1.1.1 LEARNING OBJECTIVE: The student will be able to identify the legislative requirements placed upon peace officers and law enforcement agencies regarding racial profiling.

Racial Profiling Requirements:

Racial profiling CCP 3.05

Racial profiling prohibited CCP 2.131

Law enforcement policy on racial profiling CCP 2.132

Reports required for traffic and pedestrian stops CCP 2.133

Liability CCP 2.136

Racial profiling education for police chiefs Education Code 96.641

Training program Occupations Code 1701.253

Training required for intermediate certificate Occupations Code 1701.402

Definition of "race or ethnicity" for form Transportation Code 543.202

A. Written departmental policies

1. Definition of what constitutes racial profiling
2. Prohibition of racial profiling
3. Complaint process
4. Public education
5. Corrective action
6. Collection of traffic-stop statistics
7. Annual reports

B. Not prima facie evidence

C. Feasibility of use of video equipment

D. Data does not identify officer

E. Copy of complaint-related video evidence to officer in question

F. Vehicle stop report

1. Physical description of detainees: gender, race or ethnicity
2. Alleged violation
3. Consent to search
4. Contraband
5. Facts supporting probable cause
6. Arrest
7. Warning or citation issued

G. Compilation and analysis of data

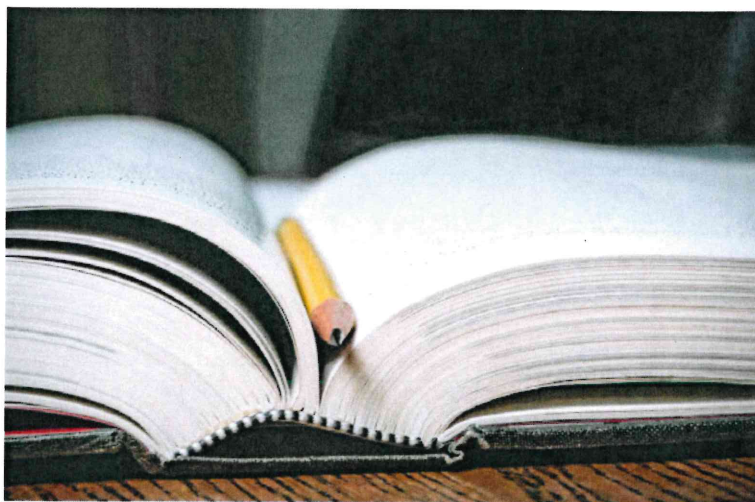
H. Exemption from reporting - audio/video equipment

I. Officer non-liability

J. Funding

K. Required training in racial profiling

1. Police chiefs
2. All holders of intermediate certificates and/or two-year-old licenses as of 09/01/2001 (training to be completed no later than 09/01/2003) – see legislation 77R-SB1074



Racial Profiling

Course Number 3256

Texas Commission on Law Enforcement

September 2001

1.1.2 LEARNING OBJECTIVE: The student will become familiar with Supreme Court decisions and other court decisions involving appropriate actions in traffic stops.

A. Whren v. United States, 517 U.S. 806, 116 S.Ct. 1769 (1996)

1. Motor vehicle search exemption
2. Traffic violation acceptable as pretext for further investigation
3. Selective enforcement can be challenged

B. Terry v. Ohio, 392 U.S. 1, 88 S.Ct. 1868 (1968)

1. Stop & Frisk doctrine
2. Stopping and briefly detaining a person
3. Frisk and pat down

C. Other cases

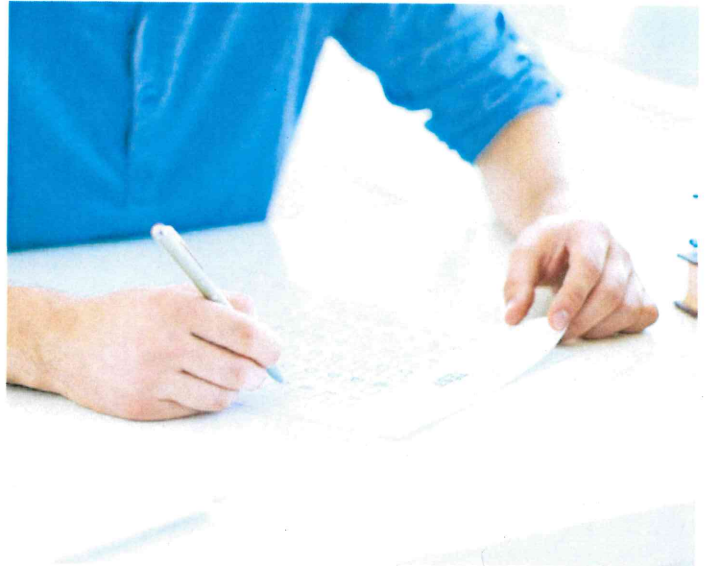
1. Pennsylvania v. Mimms, 434 U.S. 106, 98 S.Ct. 330 (1977)
2. Maryland v. Wilson, 117 S.Ct. 882 (1997)
3. Graham v. State, 119 MdApp 444, 705 A.2d 82 (1998)
4. Pryor v. State, 122 Md.App. 671 (1997) cert. denied 352 Md. 312, 721 A.2d 990 (1998)
5. Ferris v. State, 355 Md. 356, 735 A.2d 491 (1999)
6. New York v. Belton, 453 U.S. 454 (1981)



2.0 RACIAL PROFILING AND THE COMMUNITY

2.1 UNIT GOAL: The student will be able to identify logical and social arguments against racial profiling.

2.1.1 LEARNING OBJECTIVE: The student will be able to identify logical and social arguments against racial profiling.



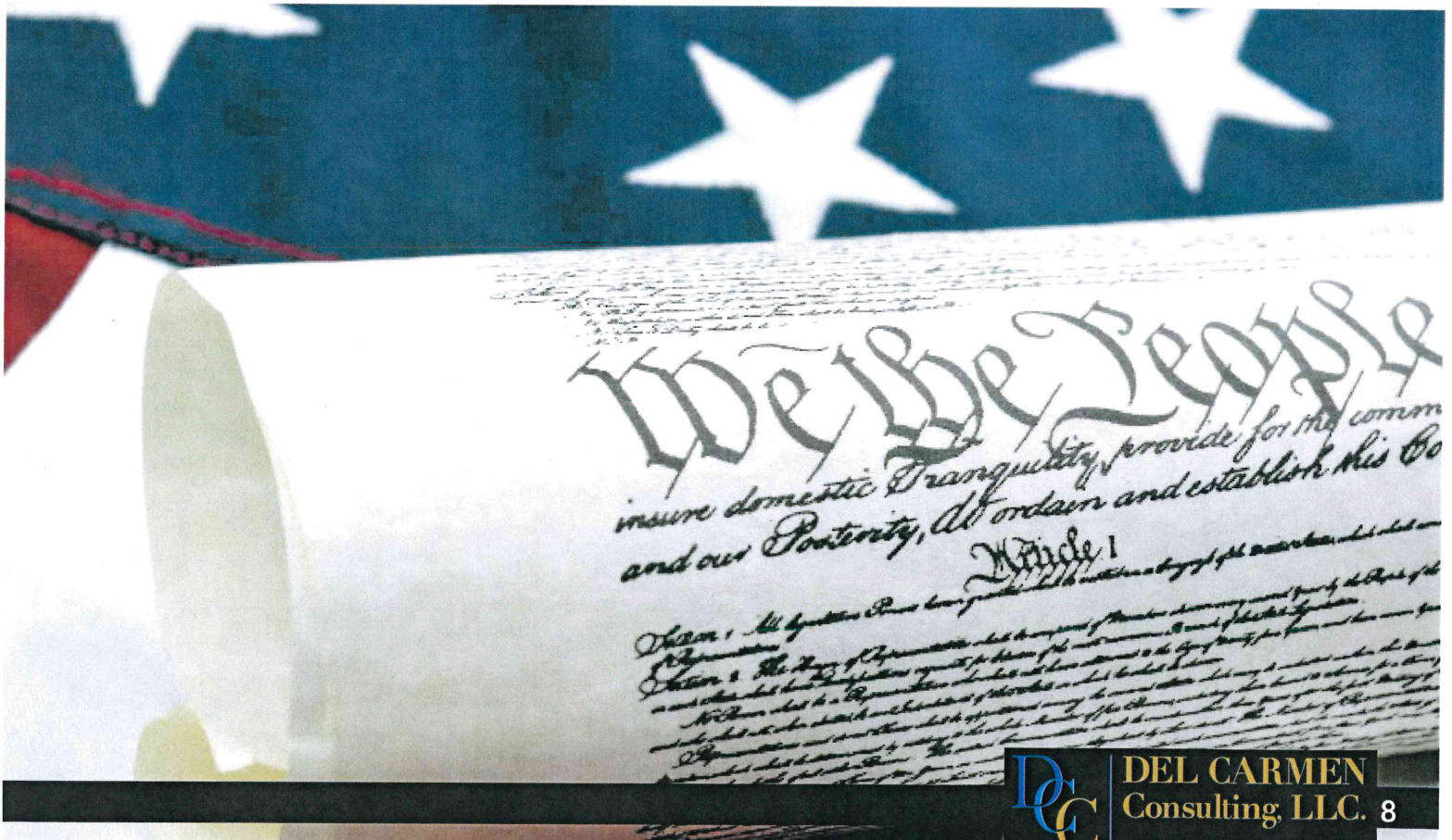
A. There are appropriate reasons for unusual traffic stops (suspicious behavior, the officer's intuition, MOs, etc.), but police work must stop short of cultural stereotyping and racism.

B. Racial profiling would result in criminal arrests, but only because it would target all members of a race randomly – the minor benefits would be far outweighed by the distrust and anger towards law enforcement by minorities and the public as a whole .

C. Racial profiling is self-fulfilling bad logic: if you believed that minorities committed more crimes, then you might look for more minority criminals, and find them in disproportionate numbers.

D. Inappropriate traffic stops generate suspicion and antagonism towards officers and make future stops more volatile – a racially-based stop today can throw suspicion on tomorrow's legitimate stop.

E. By focusing on race, you would not only be harassing innocent citizens, but overlooking criminals of all races and backgrounds – it is a waste of law enforcement resources.



Racial Profiling

Course Number 3256

Texas Commission on Law Enforcement

September 2001

3.0 RACIAL PROFILING VERSUS REASONABLE SUSPICION

3.1 UNIT GOAL: The student will be able to identify the elements of both inappropriate and appropriate traffic stops.

3.1.1 LEARNING OBJECTIVE: The student will be able to identify elements of a racially motivated traffic stop.

- A. Most race-based complaints come from vehicle stops, often since race is used as an inappropriate substitute for drug courier profile elements
- B. "DWB" – "Driving While Black" – a nickname for the public perception that a Black person may be stopped solely because of their race (especially with the suspicion that they are a drug courier), often extended to other minority groups or activities as well ("Driving While Brown," "Flying While Black," etc.)
- C. A typical traffic stop resulting from racial profiling
 1. The vehicle is stopped on the basis of a minor or contrived traffic violation which is used as a pretext for closer inspection of the vehicle, driver, and passengers
 2. The driver and passengers are questioned about things that do not relate to the traffic violation
 3. The driver and passengers are ordered out of the vehicle
 4. The officers visually check all observable parts of the vehicle
 5. The officers proceed on the assumption that drug courier work is involved by detaining the driver and passengers by the roadside
 6. The driver is asked to consent to a vehicle search – if the driver refuses, the officers use other procedures (waiting on a canine unit, criminal record checks, license-plate checks, etc.), and intimidate the driver (with the threat of detaining him/her, obtaining a warrant, etc.)



3.1.2 LEARNING OBJECTIVE: The student will be able to identify elements of a traffic stop which would constitute reasonable suspicion of drug courier activity.

A. Drug courier profile (adapted from a profile developed by the DEA)

1. Driver is nervous or anxious beyond the ordinary anxiety and cultural communication styles
2. Signs of long-term driving (driver is unshaven, has empty food containers, etc.)
3. Vehicle is rented
4. Driver is a young male, 20-35
5. No visible luggage, even though driver is traveling
6. Driver was over-reckless or over-cautious in driving and responding to signals
7. Use of air fresheners

B. Drug courier activity indicators by themselves are usually not sufficient to justify a stop

3.1.3 LEARNING OBJECTIVE: The student will be able to identify elements of a traffic stop which could constitute reasonable suspicion of criminal activity.

A. Thinking about the totality of circumstances in a vehicle stop

B. Vehicle exterior

1. Non-standard repainting (esp. on a new vehicle)
2. Signs of hidden cargo (heavy weight in trunk, windows do not roll down, etc.)
3. Unusual license plate suggesting a switch (dirty plate, bugs on back plate, etc.)
4. Unusual circumstances (pulling a camper at night, kids' bikes with no kids, etc.)

C. Pre-stop indicators

1. Not consistent with traffic flow
2. Driver is overly cautious, or driver/passengers repeatedly look at police car
3. Driver begins using a car- or cell-phone when signaled to stop
4. Unusual pull-over behavior (ignores signals, hesitates, pulls onto new street, moves objects in car, etc.)

D. Vehicle interior

1. Rear seat or interior panels have been opened, there are tools or spare tire, etc.
2. Inconsistent items (anti-theft club with a rental, unexpected luggage, etc.)

Resources

Proactive Field Stops Training Unit – Instructor's Guide, Maryland Police and Correctional Training Commissions, 2001. (See Appendix A.)

Web address for legislation 77R-SB1074: <http://tlo2.tlc.state.tx.us/tlo/77r/billtext/SB01074F.htm>

Report on Compliments and Racial Profiling Complaints



Report on Complaints

The following table contains data regarding officers that have been the subject of a complaint, during the time period of 1/1/20-12/31/20 based on allegations outlining possible violations related to the Texas Racial Profiling Law. The final disposition of the case is also included.

☐

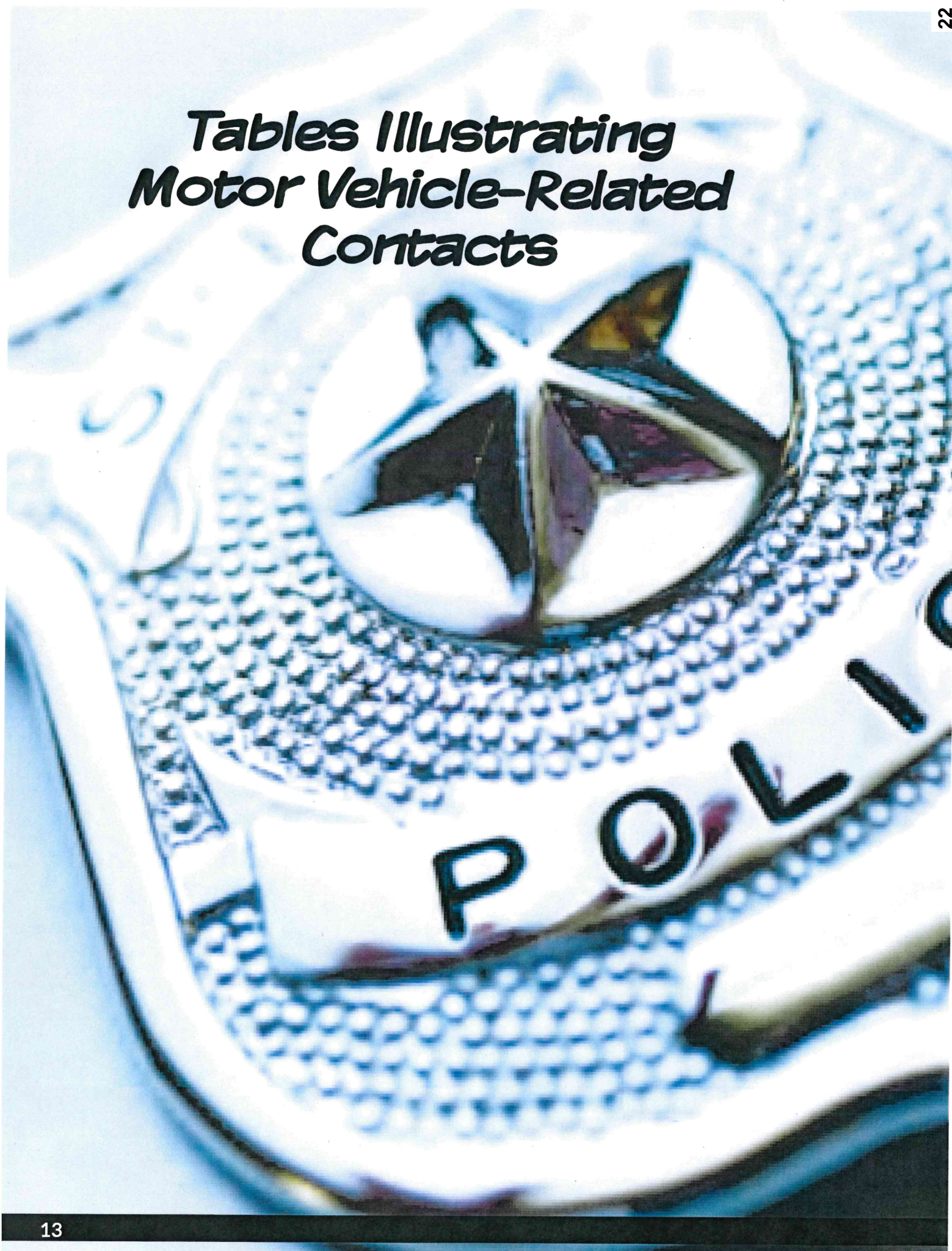
A check above indicates that the Mansfield Police Department has not received any complaints, on any members of its police force, for having violated the Texas Racial Profiling Law during the time period of 1/1/20-12/31/20.

Complaints Filed for Possible Violations of The Texas Racial Profiling Law

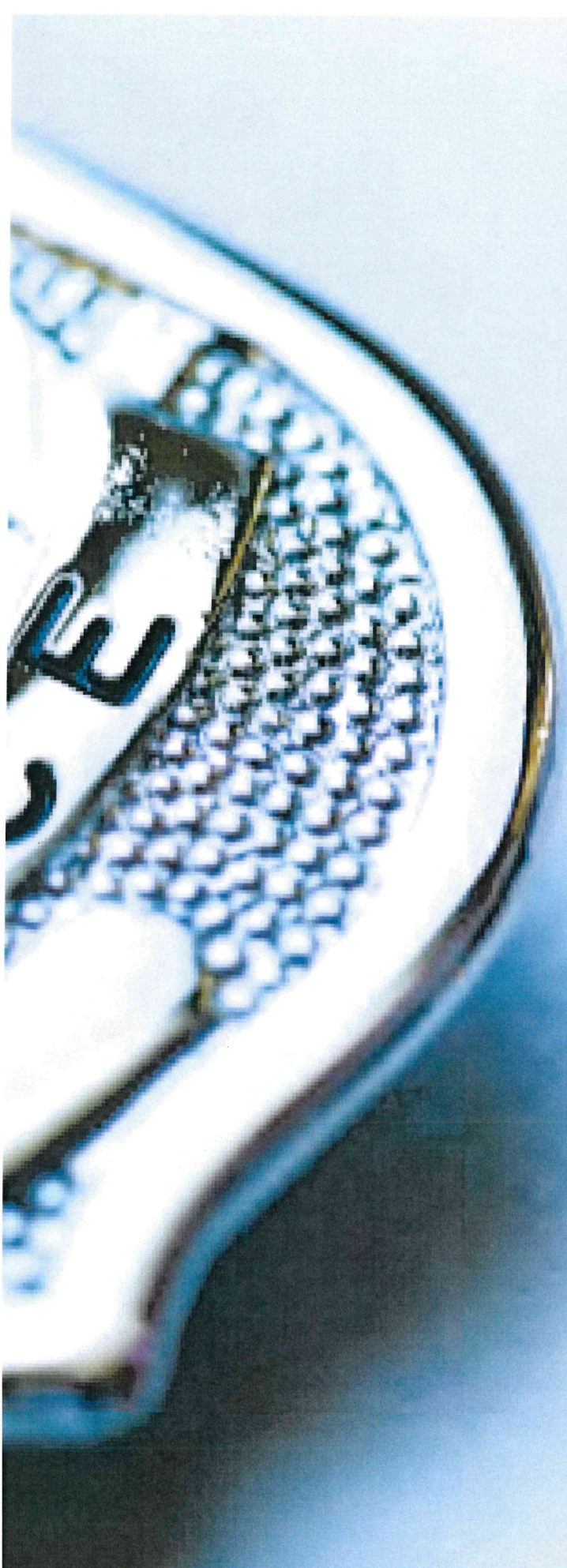
Complaint Number	Alleged Violation	Disposition of the Case
#2	Racial Bias	Unfounded

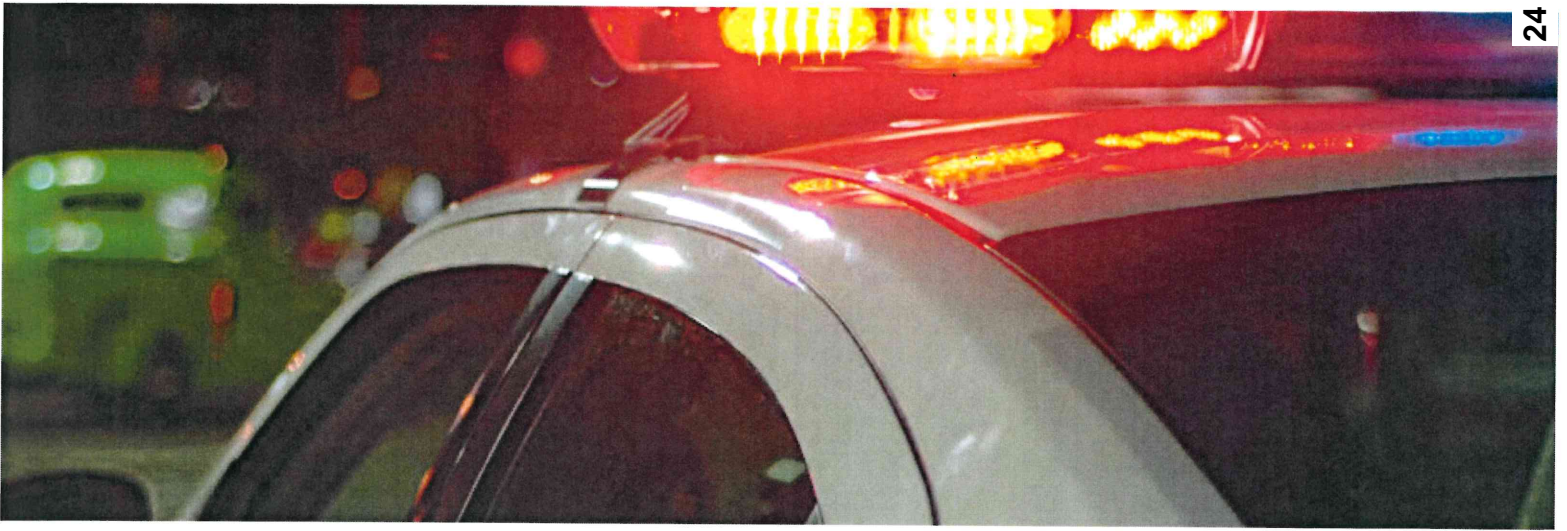
Additional Comments:

Tables Illustrating Motor Vehicle-Related Contacts



Tier 2 Data





Total stops: 14,152

1. Gender

1.1 Female: **5,275**

1.2 Male: **8,877**

2. Race or ethnicity

2.1 Black: **4,114**

2.2 Asian/Pacific Islander: **410**

2.3 White: **6,992**

2.4 Hispanic/Latino: **2,575**

2.5 Alaska Native/American Indian: **61**

3. Was race or ethnicity known prior to stop?

3.1 Yes: **106**

3.2 No: **14,046**

4. Reason for stop?

4.1 Violation of law: **1,050**

4.2 Pre-existing knowledge: **178**

4.3 Moving traffic violation: **9,255**

4.4 Vehicle traffic violation: **3,669**



5. Street address or approximate location of the stop

- 5.1 City street: **9,733**
- 5.2 US highway: **2,433**
- 5.3 County road: **2**
- 5.4 State Highway: **1,927**
- 5.5 Private Property: **57**

10. Result of the stop

- 10.1 Verbal warning: **10,776**
- 10.2 Written warning: **12**
- 10.3 Citation: **3,101**
- 10.4 Written Warning and Arrest: **1**
- 10.5 Citation and Arrest: **20**
- 10.6 Arrest: **243**

6. Was a search conducted?

- 6.1 Yes: **536**
- 6.2 No: **13,616**

11. Arrest based on

- 11.1 Violation of Penal Code: **127**
- 11.2 Violation of Traffic Law: **4**
- 11.3 Violation of City Ordinance: **0**
- 11.4 Outstanding Warrant: **133**

7. Reason for Search?

- 7.1 Consent: **72**
- 7.2 Contraband in plain view: **33**
- 7.3 Probable cause: **318**
- 7.4 Inventory: **29**
- 7.5 Incident to arrest: **84**

12. Was physical force resulting in bodily injury used during stop?

- 12.1 Yes: **0**
- 12.2 No: **14,152**

8. Was Contraband discovered?

- 8.1 Yes: **353**
- 8.2 No: **183**

9. Description of contraband

- 9.1 Drugs: **230**
- 9.2 Currency: **1**
- 9.3 Weapons: **18**
- 9.4 Alcohol: **46**
- 9.5 Stolen property: **3**
- 9.6 Other: **55**



Table 1. (Motor Vehicle Contacts Including Tickets, Citations and Warnings). (1/1/20-12/31/20)

Race/Ethnicity	All Motor Vehicle Contacts		Tickets or Citations*		Verbal Warnings		Written Warnings	
	N	%	N	%	N	%	N	%
White	6,992	49	1,418	45	5,460	51	4	36
Black	4,114	29	761	24	3,266	30	5	45
Hispanic or Latino	2,575	18	842	27	1,680	16	3	18
Asian or Pacific Islander	410	3	86	3	323	3	0	0
Alaska Native or American Indian	61	.4	14	.4	47	.4	0	0
TOTAL	14,152	100	3,121	100	10,776	100	12	100

*Includes stops for alleged violation of a law or ordinance, tickets/citations, and verbal and written warnings
 "N" represents "number" of all motor vehicle-related contacts



Traffic C

Table 2. Motor Vehicle Contacts and Fair Roads Standard Comparison

Comparison of motor vehicle-related contacts with households that have vehicle access (in percentages). (1-1-2020 to 12-31-2020).

Race/Ethnicity*	Contacts (in percentages)	Households With Vehicle Access (in percentages)
White	49	60
Black	29	14
Hispanic or Latino	18	19
Asian or Pacific Islander	3	5
Alaska Native or American Indian	.4	0
TOTAL	100	98

"N" represents "number" of all motor vehicle contacts

Motor Vehicle Contacts and Households
(Percentages) 2020

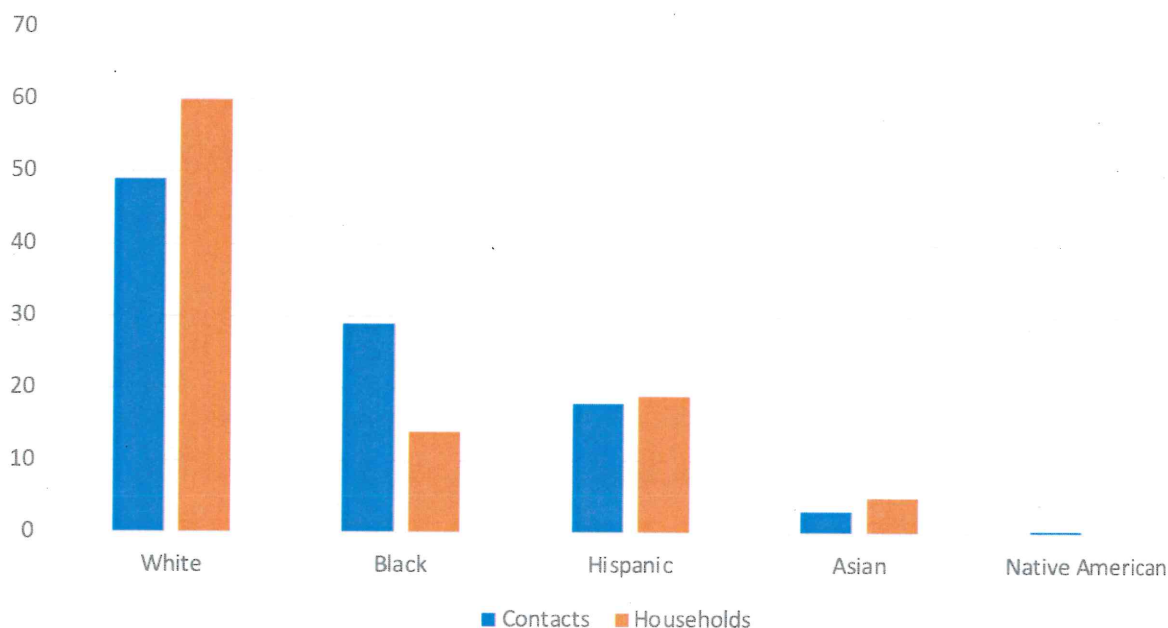


Table 3. Total Number of Instances where Officers Knew/Did not Know Race/Ethnicity of Individuals Before Being Detained (1-1-2020 to 12-31-2020)

Total Number of Instances Officers <u>KNEW</u> Race and Ethnicity of Individuals Before Being Detained	Total Number of Instances Officers <u>DID NOT KNOW</u> Race and Ethnicity of Individuals Before Being Detained
106	14,046

Table 4 Instances where Peace Officers Used Physical Force that Resulted in Bodily Injury (1-1-2020 to 12-31-2020).

Instances Where Peace Officers Used Physical Force that Resulted in Bodily Injury	Location of Stop	Reason for Stop

Table 5. Report on Audits.

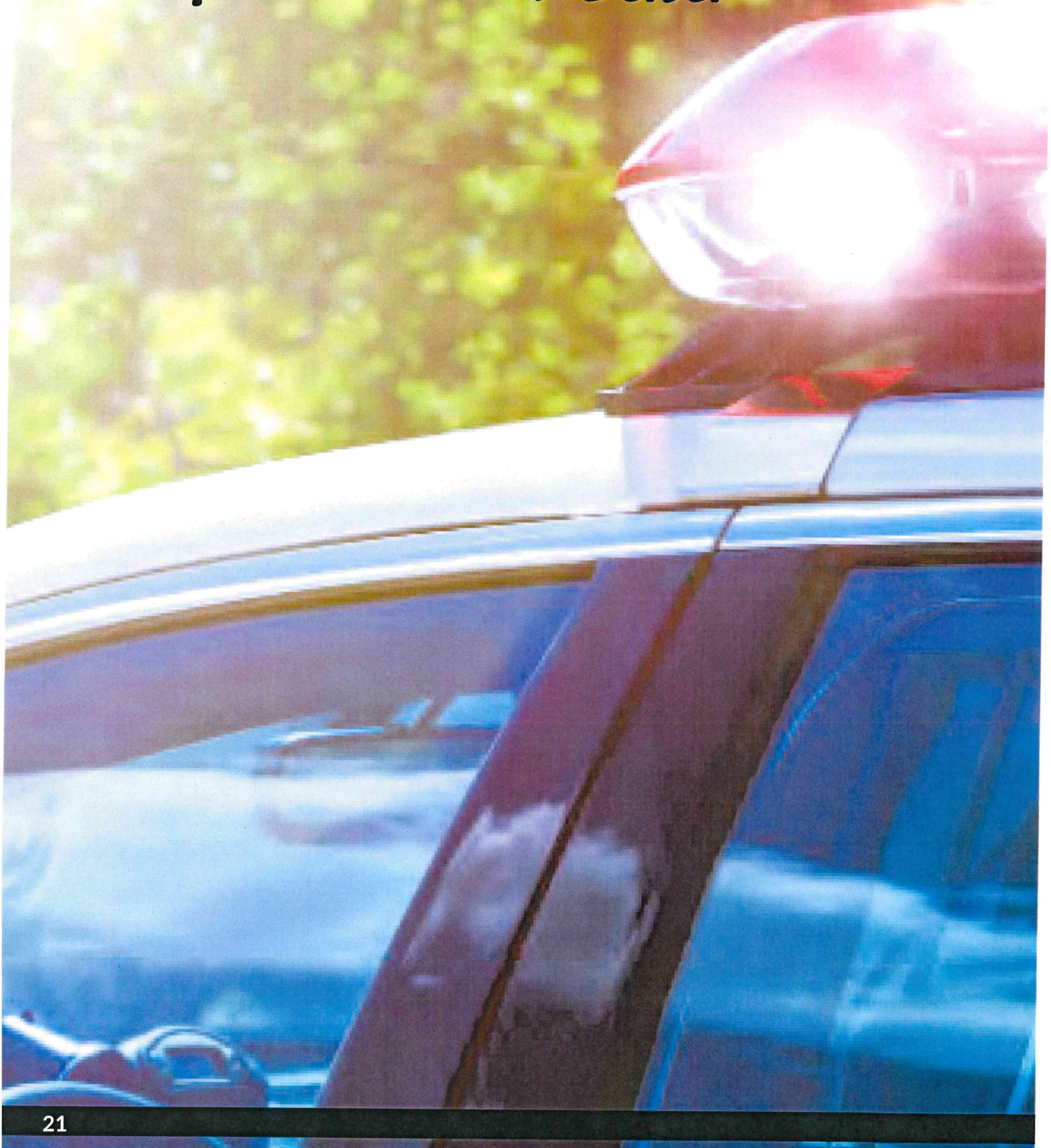
The following table contains data regarding the number and outcome of required data audits during the period of 1-1-2020 to 12-31-2020.

Data Audits on Racial Profiling Data (1-1-2020 to 12-31-2020).

Number of Data Audits Completed	Date of Completion	Outcome of Audit
1	01/08/2020	Data reviewed is valid and reliable.
1	04/03/2020	Data reviewed is valid and reliable.
1	07/05/2020	Data reviewed is valid and reliable.
1	11/03/2020	Data reviewed is valid and reliable.

Additional Comments:

Analysis and Interpretation of Data





Analysis and Interpretation of Data

In 2001, the Texas legislature passed Senate Bill 1074 which became the Texas Racial Profiling Law. This particular law came into effect on January 1, 2002 and required all police departments in Texas, to collect traffic-related data and report this information to their local governing authority by March 1st of each year. In 2009, the racial profiling law was modified to include the collection and reporting of all motor vehicle related contacts where a citation was issued or arrest made. In addition, the modification to the law further requires that all police officers indicate whether or not they knew the race or ethnicity of individuals before detaining them. Further, it was required that agencies report motor vehicle related data to their local governing authority and to the Texas Commission on Law Enforcement (TCOLE) by March 1st of each year. The purpose in collecting and disclosing this information is to determine if police officers in a particular municipality are engaging in the practice of racially profiling minority motorists.

The Texas Racial Profiling Law also requires police departments to interpret motor vehicle-related data. Even though most researchers would probably agree with the fact that it is within the confines of good practice for police departments to be accountable to the citizenry while carrying a transparent image before the community, it is very difficult to determine if individual police officers are engaging in racial profiling, from a review and analysis of aggregate/institutional data. In other words, it is challenging for a reputable researcher to identify specific "individual" racist behavior from aggregate-level "institutional" data on traffic or motor vehicle-related contacts.

As referenced earlier, in 2009, the Texas Legislature passed House Bill 3389, which modified the Racial Profiling Law by adding new requirements; this took effect on January 1st, 2010. These changes included, but are were not limited to, the re-definition of a contact to include motor vehicles where a citation was issued or an arrest made. In addition, it required police officers to indicate if they knew the race or ethnicity of the individual before detaining them. Also, the 2009 law required adding "middle eastern" to the racial and ethnic category and submitting the annual data report to TCOLE before March 1st of each year.

In 2017, the Texas Legislators passed H.B. 3051 which removed the Middle Eastern data requirement while standardizing the racial and ethnic categories relevant to the individuals that came in contact with the police. In addition, The Sandra Bland Act (S.B. 1849) was passed and became law. Thus, the most significant legislative mandate (Sandra Bland Act) in Texas history regarding data requirements on law enforcement contacts, became law and took effect on

January 1, 2018. The Sandra Bland Act not only currently requires the extensive collection of data relevant to police motor vehicle contacts, but it also mandates for the data to be analyzed while addressing the following:

1. A comparative analysis of the information compiled (under Article 2.133):

- a. Evaluate and compare the number of motor vehicle stops, within the applicable jurisdiction, of persons who are recognized as racial or ethnic minorities and persons who are not recognized as racial or ethnic minorities;*
- b. Examine the disposition of motor vehicle stops made by officers employed by the agency, categorized according to the race or ethnicity of the affected persons, as appropriate, including any searches resulting from stops within the applicable jurisdiction;*
- c. Evaluate and compare the number of searches resulting from motor vehicle stops within the applicable jurisdiction and whether contraband or other evidence was discovered in the course of those searches.*

2. Information related to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.

In an effort to comply with The Texas Racial Profiling/Sandra Bland Law, the Mansfield Police Department commissioned the analysis of its 2020 contact data. Hence, two different types of data analyses were performed. The first of these involved a careful evaluation of the 2020 motor vehicle-related data. This particular analysis measured, as required by the law, the number and percentage of Whites, Blacks, Hispanics or Latinos, Asians and Pacific Islanders, Alaska Natives and American Indians (Middle Easterners and individuals belonging to the "other" category, as optional categories), that came in contact with the police in the course of a motor vehicle related contact, and were either issued a ticket, citation, warning were issued or an arrest was made. Also, included in this data were instances where a motor vehicle contact took place for an alleged violation of the law or ordinance. The Tier 2 data analysis included, but was not limited to, information relevant to the number and percentage of contacts by race/ethnicity, gender, reason for the stop, location of stop, searches while indicating the type of search performed, result of stop, basis of an arrest and use of physical force resulting in bodily injury.

It should be noted that the additional data analysis performed was based on a comparison of the 2020 motor vehicle contact data with a specific baseline. When reviewing this particular analysis, one should consider that there is disagreement, in the literature, regarding the appropriate baseline to be used when analyzing motor vehicle-related contact information. Of the baseline measures available, the Mansfield Police Department opted to adopt, as a baseline measure, the Fair Roads Standard. This particular baseline is based on data obtained through the U.S. Census Bureau (2010) relevant to the number of households that have access to vehicles while controlling for the race and ethnicity of the heads of households. It is anticipated that next year, when the 2020 Census findings are available, this information will be updated, accordingly.

There is no question that census data presents challenges to any effort made at establishing a fair and accurate racial profiling analysis. That is, census data contains information on all residents of a particular community, regardless of the fact they may or may not be among the driving population. Further, census data, when used as a baseline of comparison, presents the challenge that it captures information related to city residents only. Thus, excluding individuals who may have come in contact with the Mansfield Police Department in 2020 but live outside city limits. In some cases, the percentage of the population that comes in contact with the police but lives outside city limits represents a substantial volume of all motor vehicle-related contacts made in a given year.

Since 2002, several civil rights groups in Texas expressed their desire and made recommendations to the effect that all police departments should rely, in their data analysis, on the Fair Roads Standard. This source contains census data specific to the number of “households” that have access to vehicles. Thus, proposing to compare “households” (which may have multiple residents and only a few vehicles) with “contacts” (an individual-based count). This, in essence, constitutes a comparison that may result in ecological fallacy. Despite this, the Mansfield Police Department accepted the recommendation to utilize this form of comparison (i.e., census data relevant to households with vehicles) in an attempt to demonstrate its “good will” and “transparency” before the community. Thus, the Fair Roads Standard data obtained and used in this study is specifically relevant to the Dallas Fort-Worth (DFW) Metroplex.

Tier 2 (2020) Motor Vehicle-Related Contact Analysis

When analyzing the enhanced Tier 2 data collected in 2020, it was evident that most motor vehicle-related contacts were made with males and most of the contacts were made with White drivers. This was followed by Black drivers. In most instances, police officers report not knowing the race or ethnicity prior to the stop. Further, they cite as the primary reason for the stop to have been a “moving traffic violation”. This was followed by “vehicle traffic violation”.

In 2020, most of the contacts made took place in city streets. The Mansfield Police Department cites that most contacts did not result in a search. Of those searches made, most were based on probable cause. The second most significant reason for a search was “consent”. In addition, in most of the searches contraband was found. Of these, in most instances, drugs were cited as the most frequent contraband found.

The data also shows that the majority of stops resulted in a verbal warning. This was followed by “citations”. When an arrest was made, the most frequent reason provided was an outstanding warrant. Also, none of the contacts resulted in the use of physical force which caused bodily injury.

Comparative Analysis

The data analysis of motor vehicle contacts to the census data relevant to the number of “households” in DFW who indicated, in the 2010 census, that they had access to vehicles, produced interesting findings. Specifically, the percentage of Whites, Hispanics and Asians that came in contact with the police was lower than the percentage of White, Hispanic and Asian households in DFW that claimed, in the 2010 census, to have access to vehicles. The opposite

was true of Blacks. That is, a higher percentage of Blacks came in contact with the police than the percentage of Black households in DFW that claimed, in the 2010 census, to have access to vehicles. It should be noted that the percentage difference among American Indian contacts with households was of less than 3 percent; thus, deemed by some as being statistically insignificant.

The analysis of the searches performed shows that most of the searches produced contraband. This is above national law enforcement trends.

Summary of Findings

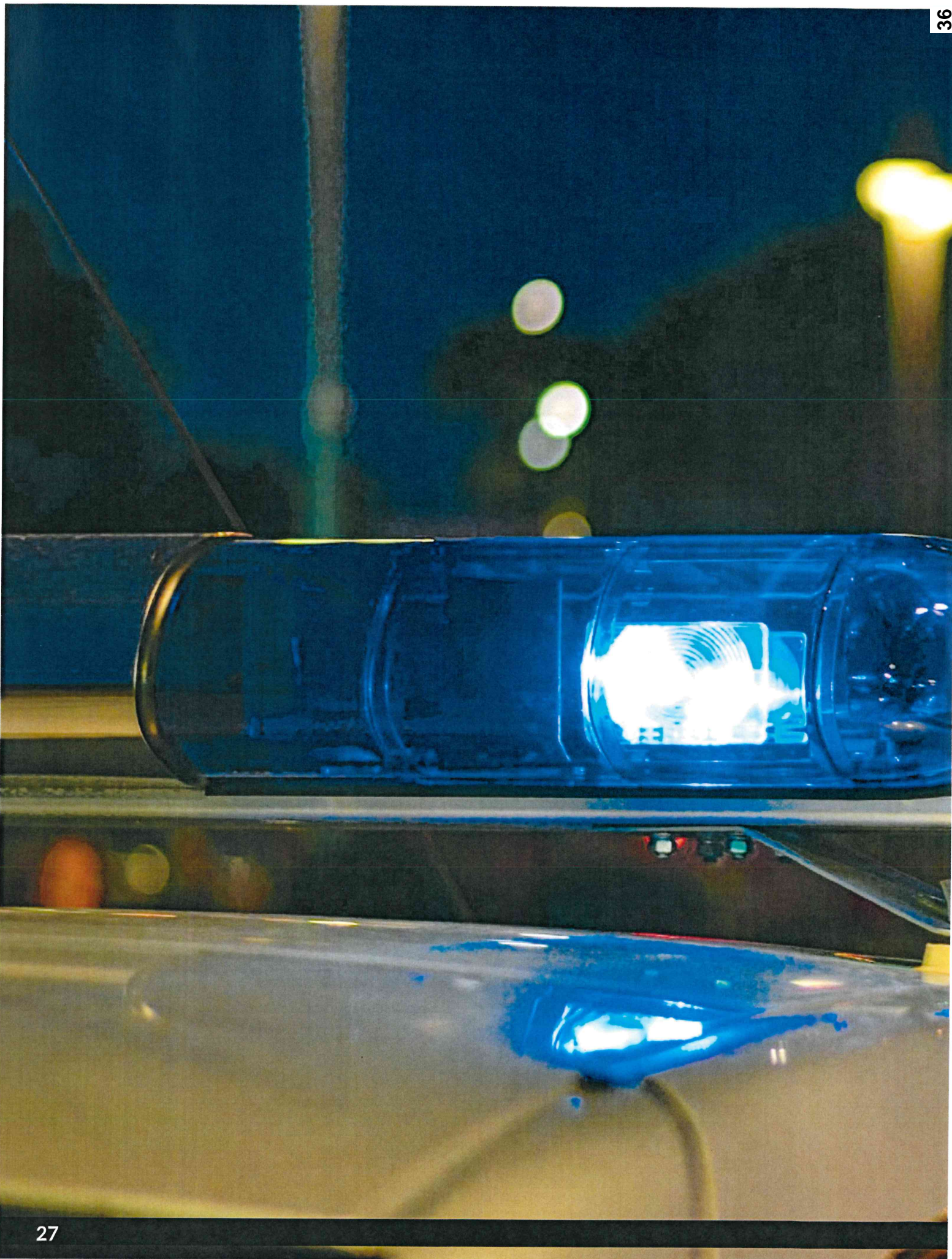
The most recent Texas Racial Profiling Law requires that police department perform data audits in order to validate the data being reported. Consistent with this requirement, the Mansfield Police Department has engaged del Carmen Consulting, LLC in order to perform these audits in a manner consistent with normative statistical practices. As shown in table 5, the audits performed have shown that the data is valid and reliable. Further, as required by law, this report also includes an analysis on the searches performed. This analysis includes information on whether contraband was found as a result of the search while controlling for race/ethnicity. The search analysis demonstrates that the police department is engaging in search practices consistent with national trends in law enforcement.

While considering the findings made in this analysis, it is recommended that the Mansfield Police Department should continue to collect and evaluate additional information on motor vehicle contact data (i.e., reason for probable cause searches, contraband detected) which may prove to be useful when determining the nature of the contacts police officers are making with all individuals.

As part of this effort, the Mansfield Police Department should continue to:

- 1) Perform an independent analysis on contact and search data in future years.
- 2) Commission data audits in 2021 in order to assess data integrity; that is, to ensure that the data collected is consistent with the data being reported.

The comprehensive analysis of the data included in this report demonstrates that the Mansfield Police Department has complied with the Texas Racial Profiling Law and all of its requirements. Further, the report demonstrates that the police department has incorporated a comprehensive racial profiling policy, currently offers information to the public on how to file a compliment or complaint, commissions quarterly data audits in order to ensure validity and reliability, collects and commissions the analysis of tier 2 data, and ensures that the practice of racial profiling is not tolerated.



Checklist

The following requirements were met by the Mansfield Police Department in accordance with The Texas Racial Profiling Law:

- ☒ Implement a Racial Profiling Policy citing act or actions that constitute racial profiling.
- ☒ Include in the racial profiling policy, a statement indicating prohibition of any peace officer employed by the Mansfield Police Department from engaging in racial profiling.
- ☒ Implement a process by which an individual may file a complaint regarding racial profiling violations.
- ☒ Provide public education related to the compliment and complaint process.
- ☒ Implement disciplinary guidelines for officers found in violation of the Texas Racial Profiling Law.
- ☒ Collect, report and analyze motor vehicle data (Tier 2).
- ☒ Commission Data Audits and a Search Analysis.
- ☒ Indicate total number of officers who knew and did not know, the race/ethnicity of individuals before being detained.
- ☒ Produce an annual report on police contacts (Tier 2) and present this to the local governing body and TCOLE by March 1, 2021.
- ☒ Adopt a policy, if video/audio equipment is installed, on standards for reviewing video and audio documentation.





Legislative & Administrative Addendum

TCOLE GUIDELINES

Guidelines for Compiling and Reporting Data under Senate Bill 1074

Background

Senate Bill 1074 of the 77th Legislature established requirements in the Texas Code of Criminal Procedure (TCCP) for law enforcement agencies. The Commission developed this document to assist agencies in complying with the statutory requirements.

The guidelines are written in the form of standards using a style developed from accreditation organizations including the Commission on Accreditation for Law Enforcement Agencies (CALEA). The standards provide a description of **what** must be accomplished by an agency but allows wide latitude in determining **how** the agency will achieve compliance with each applicable standard.

Each standard is composed of two parts: the standard statement and the commentary. The *standard statement* is a declarative sentence that places a clear-cut requirement, or multiple requirements, on an agency. The commentary supports the standard statement but is not binding. The commentary can serve as a prompt, as guidance to clarify the intent of the standard, or as an example of one possible way to comply with the standard.

Standard 1

Each law enforcement agency has a detailed written directive that:

- clearly defines acts that constitute racial profiling;
- strictly prohibits peace officers employed by the agency from engaging in racial profiling;
- implements a process by which an individual may file a complaint with the agency if the individual believes a peace officer employed by the agency has engaged in racial profiling with respect to the individual filing the complaint;
- provides for public education relating to the complaint process;
- requires appropriate corrective action to be taken against a peace officer employed by the agency who, after investigation, is shown to have engaged in racial profiling in violation of the agency's written racial profiling policy; and
- requires the collection of certain types of data for subsequent reporting.

Commentary

Article 2.131 of the TCCP prohibits officers from engaging in racial profiling, and article 2.132 of the TCCP now requires a written policy that contains the elements listed in this standard. The article also specifically defines a law enforcement agency as it applies to this statute as an "agency of the state, or of a county, municipality, or other political subdivision of the state, that employs peace officers who make traffic stops in the routine performance of the officers' official duties."

The article further defines race or ethnicity as being of “a particular descent, including Caucasian, African, Hispanic, Asian, or Native American.” The statute does not limit the required policies to just these ethnic groups.

This written policy is to be adopted and implemented no later than January 1, 2002.

Standard 2

Each peace officer who stops a motor vehicle for an alleged violation of a law or ordinance regulating traffic, or who stops a pedestrian for any suspected offense reports to the employing law enforcement agency information relating to the stop, to include:

- a physical description of each person detained, including gender and the person’s race or ethnicity, as stated by the person, or, if the person does not state a race or ethnicity, as determined by the officer’s best judgment;
- the traffic law or ordinance alleged to have been violated or the suspected offense;
- whether the officer conducted a search as a result of the stop and, if so, whether the person stopped consented to the search;
- whether any contraband was discovered in the course of the search, and the type of contraband discovered;
- whether probable cause to search existed, and the facts supporting the existence of that probable cause;
- whether the officer made an arrest as a result of the stop or the search, including a statement of the offense charged;
- the street address or approximate location of the stop; and
- whether the officer issued a warning or citation as a result of the stop, including a description of the warning or a statement of the violation charged.

Commentary

The information required by 2.133 TCCP is used to complete the agency reporting requirements found in Article 2.134. A peace officer and an agency may be exempted from this requirement under Article 2.135 TCCP Exemption for Agencies Using Video and Audio Equipment. An agency may be exempt from this reporting requirement by applying for the funds from the Department of Public Safety for video and audio equipment and the State does not supply those funds. Section 2.135 (a)(2) states, “the governing body of the county or municipality served by the law enforcement agency, in conjunction with the law enforcement agency, certifies to the Department of Public Safety, not later than the date specified by rule by the department, that the law enforcement agency needs funds or video and audio equipment for the purpose of installing video and audio equipment as described by Subsection (a) (1) (A) and the agency does not receive from the state funds for video and audio equipment sufficient, as determined by the department, for the agency to accomplish that purpose.”

Standard 3

The agency compiles the information collected under 2.132 and 2.133 and analyzes the information identified in 2.133.

Commentary

Senate Bill 1074 from the 77th Session of the Texas Legislature created requirements for law enforcement agencies to gather specific information and to report it to each county or municipality served. New sections of law were added to the Code of Criminal Procedure regarding the reporting of traffic and pedestrian stops. Detained is defined as when a person stopped is not free to leave.

Article 2.134 TCCP requires the agency to compile and provide an analysis of the information collected by peace officer employed by the agency. The report is provided to the governing body of the municipality or county no later than March 1 of each year and covers the previous calendar year.

There is data collection and reporting required based on Article 2.132 CCP (tier one) and Article 2.133 CCP (tier two).

The minimum requirements for “tier one” data for traffic stops in which a citation results are:

- 1) the race or ethnicity of individual detained (race and ethnicity as defined by the bill means of “a particular descent, including Caucasian, African, Hispanic, Asian, or Native American”);
- 2) whether a search was conducted, and if there was a search, whether it was a consent search or a probable cause search; and
- 3) whether there was a custody arrest.

The minimum requirements for reporting on “tier two” reports include traffic and pedestrian stops. Tier two data include:

- 1) the detained person’s gender and race or ethnicity;
- 2) the type of law violation suspected, e.g., hazardous traffic, non-hazardous traffic, or other criminal investigation (the Texas Department of Public Safety publishes a categorization of traffic offenses into hazardous or non-hazardous);
- 3) whether a search was conducted, and if so whether it was based on consent or probable cause;
- 4) facts supporting probable cause;
- 5) the type, if any, of contraband that was collected;
- 6) disposition of the stop, e.g., arrest, ticket, warning, or release;
- 7) location of stop; and
- 8) statement of the charge, e.g., felony, misdemeanor, or traffic.

Tier one reports are made to the governing body of each county or municipality served by the agency an annual report of information if the agency is an agency of a county, municipality, or other political subdivision of the state. Tier one and two reports are reported to the county or municipality not later than March 1 for the previous calendar year beginning March 1, 2003. Tier two reports include a comparative analysis between the race and ethnicity of persons detained to see if a differential pattern of treatment can be discerned based on the disposition of stops

including searches resulting from the stops. The reports also include information relating to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling. An agency may be exempt from the tier two reporting requirement by applying for the funds from the Department of Public Safety for video and audio equipment and the State does not supply those funds [See 2.135 (a)(2) TCCP].

Reports should include both raw numbers and percentages for each group. Caution should be exercised in interpreting the data involving percentages because of statistical distortions caused by very small numbers in any particular category, for example, if only one American Indian is stopped and searched, that stop would not provide an accurate comparison with 200 stops among Caucasians with 100 searches. In the first case, a 100% search rate would be skewed data when compared to a 50% rate for Caucasians.

Standard 4

If a law enforcement agency has video and audio capabilities in motor vehicles regularly used for traffic stops, or audio capabilities on motorcycles regularly used to make traffic stops, the agency:

- adopts standards for reviewing and retaining audio and video documentation; and
- promptly provides a copy of the recording to a peace officer who is the subject of a complaint on written request by the officer.

Commentary

The agency should have a specific review and retention policy. Article 2.132 TCCP specifically requires that the peace officer be promptly provided with a copy of the audio or video recordings if the officer is the subject of a complaint and the officer makes a written request.

Standard 5

Agencies that do not currently have video or audio equipment must examine the feasibility of installing such equipment.

Commentary

None

Standard 6

Agencies that have video and audio recording capabilities are exempt from the reporting requirements of Article 2.134 TCCP and officers are exempt from the reporting requirements of Article 2.133 TCCP provided that:

- the equipment was in place and used during the proceeding calendar year; and
- video and audio documentation is retained for at least 90 days.

Commentary

The audio and video equipment and policy must have been in place during the previous calendar year. Audio and video documentation must be kept for at least 90 days or longer if a complaint has been filed. The documentation must be retained until the complaint is resolved. Peace officers are not exempt from the requirements under Article 2.132 TCCP.

Standard 7

Agencies have citation forms or other electronic media that comply with Section 543.202 of the Transportation Code.

Commentary

Senate Bill 1074 changed Section 543.202 of the Transportation Code requiring citations to include:

- race or ethnicity, and
- whether a search of the vehicle was conducted and whether consent for the search was obtained.

The Texas Law on Racial Profiling

S.B. No. 1074 - An Act relating to the prevention of racial profiling by certain peace officers.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 2, Code of Criminal Procedure, is amended by adding Articles 2.131 through 2.138 to read as follows:

Art. 2.131. RACIAL PROFILING PROHIBITED. A peace officer may not engage in racial profiling.

Art. 2.132. LAW ENFORCEMENT POLICY ON RACIAL PROFILING. (a) In this article:

(1) "Law enforcement agency" means an agency of the state, or of a county, municipality, or other political subdivision of the state, that employs peace officers who make traffic stops in the routine performance of the officers' official duties.

(2) "Race or ethnicity" means of a particular descent, including Caucasian, African, Hispanic, Asian, or Native American descent.

(b) Each law enforcement agency in this state shall adopt a detailed written policy on racial profiling. The policy must:

(1) clearly define acts constituting racial profiling;

(2) strictly prohibit peace officers employed by the agency from engaging in racial profiling;

(3) implement a process by which an individual may file a complaint with the agency if the individual believes that a peace officer employed by the agency has engaged in racial profiling with respect to the individual;

(4) provide public education relating to the agency's complaint process;

(5) require appropriate corrective action to be taken against a peace officer employed by the agency who, after an investigation, is shown to have engaged in racial profiling in violation of the agency's policy adopted under this article;

(6) require collection of information relating to traffic stops in which a citation is issued and to arrests resulting from those traffic stops, including information relating to:

(A) the race or ethnicity of the individual detained; and

(B) whether a search was conducted and, if so, whether the person detained consented to the search; and

(7) require the agency to submit to the governing body of each county or municipality served by the agency an annual report of the information collected under Subdivision (6) if the agency is an agency of a county, municipality, or other political subdivision of the state.

(c) The data collected as a result of the reporting requirements of this article shall not constitute prima facie evidence of racial profiling.

(d) On adoption of a policy under Subsection (b), a law enforcement agency shall examine the feasibility of installing video camera and transmitter-activated equipment in each agency law enforcement motor vehicle regularly used to make traffic stops and transmitter-activated equipment in each agency law enforcement motorcycle regularly used to make traffic stops. If a law enforcement agency installs video or audio equipment as provided by this subsection, the

policy adopted by the agency under Subsection (b) must include standards for reviewing video and audio documentation.

(e) A report required under Subsection (b)(7) may not include identifying information about a peace officer who makes a traffic stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the collection of information as required by a policy under Subsection (b)(6).

(f) On the commencement of an investigation by a law enforcement agency of a complaint described by Subsection (b)(3) in which a video or audio recording of the occurrence on which the complaint is based was made, the agency shall promptly provide a copy of the recording to the peace officer who is the subject of the complaint on written request by the officer.

Art. 2.133. REPORTS REQUIRED FOR TRAFFIC AND PEDESTRIAN STOPS. (a) In this article:

(1) "Race or ethnicity" has the meaning assigned by Article 2.132(a).

(2) "Pedestrian stop" means an interaction between a peace officer and an individual who is being detained for the purpose of a criminal investigation in which the individual is not under arrest.

(b) A peace officer who stops a motor vehicle for an alleged violation of a law or ordinance regulating traffic or who stops a pedestrian for any suspected offense shall report to the law enforcement agency that employs the officer information relating to the stop, including:

(1) a physical description of each person detained as a result of the stop, including:

(A) the person's gender; and

(B) the person's race or ethnicity, as stated by the person or, if the person does not state the person's race or ethnicity, as determined by the officer to the best of the officer's ability;

(2) the traffic law or ordinance alleged to have been violated or the suspected offense;

(3) whether the officer conducted a search as a result of the stop and, if so, whether the person detained consented to the search;

(4) whether any contraband was discovered in the course of the search and the type of contraband discovered;

(5) whether probable cause to search existed and the facts supporting the existence of that probable cause;

(6) whether the officer made an arrest as a result of the stop or the search, including a statement of the offense charged;

(7) the street address or approximate location of the stop; and

(8) whether the officer issued a warning or a citation as a result of the stop, including a description of the warning or a statement of the violation charged.

Art. 2.134. COMPILATION AND ANALYSIS OF INFORMATION COLLECTED.

(a) In this article, "pedestrian stop" means an interaction between a peace officer and an individual who is being detained for the purpose of a criminal investigation in which the individual is not under arrest.

(b) A law enforcement agency shall compile and analyze the information contained in each report received by the agency under Article 2.133. Not later than March 1 of each year, each local law enforcement agency shall submit a report containing the information compiled

during the previous calendar year to the governing body of each county or municipality served by the agency in a manner approved by the agency.

(c) A report required under Subsection (b) must include:

(1) a comparative analysis of the information compiled under Article 2.133 to:

(A) determine the prevalence of racial profiling by peace officers employed by the agency; and
(B) examine the disposition of traffic and pedestrian stops made by officers employed by the agency, including searches resulting from the stops; and

(2) information relating to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.

(d) A report required under Subsection (b) may not include identifying information about a peace officer who makes a traffic or pedestrian stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the reporting of information required under Article 2.133(b)(1).

(e) The Commission on Law Enforcement Officer Standards and Education shall develop guidelines for compiling and reporting information as required by this article.

(f) The data collected as a result of the reporting requirements of this article shall not constitute prima facie evidence of racial profiling.

Art. 2.135. EXEMPTION FOR AGENCIES USING VIDEO AND AUDIO EQUIPMENT. (a) A peace officer is exempt from the reporting requirement under Article 2.133 and a law enforcement agency is exempt from the compilation, analysis, and reporting requirements under Article 2.134 if:

(1) during the calendar year preceding the date that a report under Article 2.134 is required to be submitted:

(A) each law enforcement motor vehicle regularly used by an officer employed by the agency to make traffic and pedestrian stops is equipped with video camera and transmitter-activated equipment and each law enforcement motorcycle regularly used to make traffic and pedestrian stops is equipped with transmitter-activated equipment; and

(B) each traffic and pedestrian stop made by an officer employed by the agency that is capable of being recorded by video and audio or audio equipment, as appropriate, is recorded by using the equipment; or

(2) the governing body of the county or municipality served by the law enforcement agency, in conjunction with the law enforcement agency, certifies to the Department of Public Safety, not later than the date specified by rule by the department, that the law enforcement agency needs funds or video and audio equipment for the purpose of installing video and audio equipment as described by Subsection (a)(1)(A) and the agency does not receive from the state funds or video and audio equipment sufficient, as determined by the department, for the agency to accomplish that purpose.

(b) Except as otherwise provided by this subsection, a law enforcement agency that is exempt from the requirements under Article 2.134 shall retain the video and audio or audio documentation of each traffic and pedestrian stop for at least 90 days after the date of the stop. If a complaint is filed with the law enforcement agency alleging that a peace officer employed by the agency has engaged in racial profiling with respect to a traffic or pedestrian stop, the agency shall retain the video and audio or audio record of the stop until final disposition of the complaint.

(c) This article does not affect the collection or reporting requirements under Article 2.132.

Art. 2.136. LIABILITY. A peace officer is not liable for damages arising from an act relating to the collection or reporting of information as required by Article 2.133 or under a policy adopted under Article 2.132.

Art. 2.137. PROVISION OF FUNDING OR EQUIPMENT.

(a) The Department of Public Safety shall adopt rules for providing funds or video and audio equipment to law enforcement agencies for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A), including specifying criteria to prioritize funding or equipment provided to law enforcement agencies. The criteria may include consideration of tax effort, financial hardship, available revenue, and budget surpluses. The criteria must give priority to:

(1) law enforcement agencies that employ peace officers whose primary duty is traffic enforcement;

(2) smaller jurisdictions; and

(3) municipal and county law enforcement agencies.

(b) The Department of Public Safety shall collaborate with an institution of higher education to identify law enforcement agencies that need funds or video and audio equipment for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A). The collaboration may include the use of a survey to assist in developing criteria to prioritize funding or equipment provided to law enforcement agencies.

(c) To receive funds or video and audio equipment from the state for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A), the governing body of a county or municipality, in conjunction with the law enforcement agency serving the county or municipality, shall certify to the Department of Public Safety that the law enforcement agency needs funds or video and audio equipment for that purpose.

(d) On receipt of funds or video and audio equipment from the state for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A), the governing body of a county or municipality, in conjunction with the law enforcement agency serving the county or municipality, shall certify to the Department of Public Safety that the law enforcement agency has installed video and audio equipment as described by Article 2.135(a)(1)(A) and is using the equipment as required by Article 2.135(a)(1).

Art. 2.138. RULES. The Department of Public Safety may adopt rules to implement Articles 2.131-2.137.

SECTION 2. Chapter 3, Code of Criminal Procedure, is amended by adding Article 3.05 to read as follows:

Art. 3.05. RACIAL PROFILING. In this code, "racial profiling" means a law enforcement-initiated action based on an individual's race, ethnicity, or national origin rather than on the individual's behavior or on information identifying the individual as having engaged in criminal activity.

SECTION 3. Section 96.641, Education Code, is amended by adding Subsection (j) to read as follows:

(j) As part of the initial training and continuing education for police chiefs required under this section, the institute shall establish a program on racial profiling. The program must include an examination of the best practices for:

(1) monitoring peace officers' compliance with laws and internal agency policies relating to racial profiling;

(2) implementing laws and internal agency policies relating to preventing racial profiling;
and

(3) analyzing and reporting collected information.

SECTION 4. Section 1701.253, Occupations Code, is amended by adding Subsection (e) to read as follows:

(e) As part of the minimum curriculum requirements, the commission shall establish a statewide comprehensive education and training program on racial profiling for officers licensed under this chapter. An officer shall complete a program established under this subsection not later than the second anniversary of the date the officer is licensed under this chapter or the date the officer applies for an intermediate proficiency certificate, whichever date is earlier.

SECTION 5. Section 1701.402, Occupations Code, is amended by adding Subsection (d) to read as follows:

(d) As a requirement for an intermediate proficiency certificate, an officer must complete an education and training program on racial profiling established by the commission under Section 1701.253(e).

SECTION 6. Section 543.202, Transportation Code, is amended to read as follows:

Sec. 543.202. FORM OF RECORD. (a) In this section, "race or ethnicity" means of a particular descent, including Caucasian, African, Hispanic, Asian, or Native American descent.

(b) The record must be made on a form or by a data processing method acceptable to the department and must include:

(1) the name, address, physical description, including race or ethnicity, date of birth, and driver's license number of the person charged;

(2) the registration number of the vehicle involved;

(3) whether the vehicle was a commercial motor vehicle as defined by Chapter 522 or was involved in transporting hazardous materials;

(4) the person's social security number, if the person was operating a commercial motor vehicle or was the holder of a commercial driver's license or commercial driver learner's permit;

(5) the date and nature of the offense, including whether the offense was a serious traffic violation as defined by Chapter 522;

(6) whether a search of the vehicle was conducted and whether consent for the search was obtained;

(7) the plea, the judgment, and whether bail was forfeited;

(8) ~~[(7)]~~ the date of conviction; and

(9) ~~[(8)]~~ the amount of the fine or forfeiture.

SECTION 7. Not later than January 1, 2002, a law enforcement agency shall adopt and implement a policy and begin collecting information under the policy as required by Article 2.132, Code of Criminal Procedure, as added by this Act. A local law enforcement agency shall first submit information to the governing body of each county or municipality served by the agency as required by Article 2.132, Code of Criminal Procedure, as added by this Act, on March 1, 2003. The first submission of information shall consist of information compiled by the agency during the period beginning January 1, 2002, and ending December 31, 2002.

SECTION 8. A local law enforcement agency shall first submit information to the governing body of each county or municipality served by the agency as required by Article 2.134, Code of Criminal Procedure, as added by this Act, on March 1, 2004. The first submission of information shall consist of information compiled by the agency during the period beginning January 1, 2003, and ending December 31, 2003.

SECTION 9. Not later than January 1, 2002:

(1) the Commission on Law Enforcement Officer Standards and Education shall establish an education and training program on racial profiling as required by Subsection (e), Section 1701.253, Occupations Code, as added by this Act; and

(2) the Bill Blackwood Law Enforcement Management Institute of Texas shall establish a program on racial profiling as required by Subsection (j), Section 96.641, Education Code, as added by this Act.

SECTION 10. A person who on the effective date of this Act holds an intermediate proficiency certificate issued by the Commission on Law Enforcement Officer Standards and Education or has held a peace officer license issued by the Commission on Law Enforcement Officer Standards and Education for at least two years shall complete an education and training program on racial profiling established under Subsection (e), Section 1701.253, Occupations Code, as added by this Act, not later than September 1, 2003.

SECTION 11. An individual appointed or elected as a police chief before the effective date of this Act shall complete a program on racial profiling established under Subsection (j), Section 96.641, Education Code, as added by this Act, not later than September 1, 2003.

SECTION 12. This Act takes effect September 1, 2001

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1074 passed the Senate on April 4, 2001, by the following vote: Yeas 28, Nays 2; May 21, 2001, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 22, 2001, House granted request of the Senate; May 24, 2001, Senate adopted Conference Committee Report by a viva-voce vote.

Secretary of the Senate

I hereby certify that S.B. No. 1074 passed the House, with amendments, on May 15, 2001, by a non-record vote; May 22, 2001, House granted request of the Senate for appointment of Conference Committee; May 24, 2001, House adopted Conference Committee Report by a non-record vote.

Chief Clerk of the House

Approved:

Date

Governor

Modifications to the Original Law

(H.B. 3389)

Amend CSHB 3389 (Senate committee report) as follows:

(1) Strike the following SECTIONS of the bill:

(A) SECTION 8, adding Section 1701.164, Occupations Code (page 4, lines 61-66);

(B) SECTION 24, amending Article 2.132(b), Code of Criminal Procedure (page 8, lines 19-53);

(C) SECTION 25, amending Article 2.134(b), Code of Criminal Procedure (page 8, lines 54-64);

(D) SECTION 28, providing transition language for the amendments to Articles 2.132(b) and 2.134(b), Code of Criminal Procedure (page 9, lines 40-47).

(2) Add the following appropriately numbered SECTIONS to the bill and renumber subsequent SECTIONS of the bill accordingly: SECTION _____. Article 2.132, Code of Criminal Procedure, is amended by amending Subsections (a),(b), (d), and (e) and adding Subsection (g) to read as follows:

(a) In this article:

(1) "Law enforcement agency" means an agency of the state, or of a county, municipality, or other political subdivision of the state, that employs peace officers who make motor vehicle~~[traffie]~~ stops in the routine performance of the officers' official duties.

(2) "Motor vehicle stop" means an occasion in which a peace officer stops a motor vehicle for an alleged violation of a law or ordinance.

(3) "Race or ethnicity" means of a particular descent, including Caucasian, African, Hispanic, Asian, ~~[or]~~ Native American, or Middle Eastern descent.

(b) Each law enforcement agency in this state shall adopt a detailed written policy on racial profiling. The policy must:

(1) clearly define acts constituting racial profiling;

(2) strictly prohibit peace officers employed by the agency from engaging in racial profiling;

(3) implement a process by which an individual may file a complaint with the agency if the individual believes that a peace officer employed by the agency has engaged in racial profiling with respect to the individual;

(4) provide public education relating to the agency's complaint process;

(5) require appropriate corrective action to be taken against a peace officer employed by the agency who, after an investigation, is shown to have engaged in racial profiling in violation of the agency's policy adopted under this article;

(6) require collection of information relating to motor vehicle ~~[traffie]~~ stops in which a citation is issued and to arrests made as a result of ~~[resulting from]~~ those ~~[traffie]~~ stops, including information relating to:

(A) the race or ethnicity of the individual detained; and

(B) whether a search was conducted and, if so, whether the individual ~~[person]~~ detained consented to the search; and

(C) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual; and

(7) require the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit ~~[to the governing body of each county or~~

~~municipality served by the agency]~~ an annual report of the information collected under Subdivision (6) to:

(A) the Commission on Law Enforcement Officer Standards and Education; and

(B) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

(d) On adoption of a policy under Subsection (b), a law enforcement agency shall examine the feasibility of installing video camera and transmitter-activated equipment in each agency law enforcement motor vehicle regularly used to make motor vehicle ~~[traffic]~~ stops and transmitter activated equipment in each agency law enforcement motorcycle regularly used to make motor vehicle ~~[traffic]~~ stops. If a law enforcement agency installs video or audio equipment as provided by this subsection, the policy adopted by the agency under Subsection (b) must include standards for reviewing video and audio documentation.

(e) A report required under Subsection (b)(7) may not include identifying information about a peace officer who makes a motor vehicle ~~[traffic]~~ stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the collection of information as required by a policy under Subsection (b)(6).

(g) On a finding by the Commission on Law Enforcement Officer Standards and Education that the chief administrator of a law enforcement agency intentionally failed to submit a report required under Subsection (b)(7), the commission shall begin disciplinary procedures against the chief administrator.

SECTION _____. Article 2.133, Code of Criminal Procedure, is amended to read as follows:

Art. 2.133. REPORTS REQUIRED FOR MOTOR VEHICLE ~~[TRAFFIC AND PEDESTRIAN]~~ STOPS. (a) In this article, "race[~~:~~

~~[(1) "Race]~~ or ethnicity" has the meaning assigned by Article 2.132(a).

~~[(2) "Pedestrian stop" means an interaction between a peace officer and an individual who is being detained for the purpose of a criminal investigation in which the individual is not under arrest.]~~

(b) A peace officer who stops a motor vehicle for an alleged violation of a law or ordinance ~~[regulating traffic or who stops a pedestrian for any suspected offense]~~ shall report to the law enforcement agency that employs the officer information relating to the stop, including:

(1) a physical description of any ~~[each]~~ person operating the motor vehicle who is detained as a result of the stop, including:

(A) the person's gender; and

(B) the person's race or ethnicity, as stated by the person or, if the person does not state the person's race or ethnicity, as determined by the officer to the best of the officer's ability;

(2) the initial reason for the stop ~~[traffic law or ordinance alleged to have been violated or the suspected offense];~~

(3) whether the officer conducted a search as a result of the stop and, if so, whether the person detained consented to the search;

(4) whether any contraband or other evidence was discovered in the course of the search and a description ~~[the type]~~ of the contraband or evidence ~~[discovered];~~

(5) the reason for the search, including whether:

(A) any contraband or other evidence was in plain view;

(B) any probable cause or reasonable suspicion existed to perform the search; or

(C) the search was performed as a result of the towing of the motor vehicle or the arrest of any person in the motor vehicle ~~[existed and the facts supporting the existence of that probable cause];~~

(6) whether the officer made an arrest as a result of the stop or the search, including a statement of whether the arrest was based on a violation of the Penal Code, a violation of a traffic law or ordinance, or an outstanding warrant and a statement of the offense charged;

(7) the street address or approximate location of the stop; and

(8) whether the officer issued a written warning or a citation as a result of the stop~~[, including a description of the warning or a statement of the violation charged].~~

SECTION _____. Article 2.134, Code of Criminal Procedure, is amended by amending Subsections (a) through (e) and adding Subsection (g) to read as follows:

(a) In this article:

(1) "Motor vehicle[, "pedestrian] stop" has the meaning assigned by Article 2.132(a) [means an interaction between a peace officer and an individual who is being detained for the purpose of a criminal investigation in which the individual is not under arrest].

(2) "Race or ethnicity" has the meaning assigned by Article 2.132(a).

(b) A law enforcement agency shall compile and analyze the information contained in each report received by the agency under Article 2.133. Not later than March 1 of each year, each ~~[local]~~ law enforcement agency shall submit a report containing the incident-based data ~~[information]~~ compiled during the previous calendar year to the Commission on Law Enforcement Officer Standards and Education and, if the law enforcement agency is a local law enforcement agency, to the governing body of each county or municipality served by the agency ~~[in a manner approved by the agency].~~

(c) A report required under Subsection (b) must be submitted by the chief administrator of the law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, and must include:

(1) a comparative analysis of the information compiled under Article 2.133 to:

(A) evaluate and compare the number of motor vehicle stops, within the applicable jurisdiction, of persons who are recognized as racial or ethnic minorities and persons who are not recognized as racial or ethnic minorities ~~[determine the prevalence of racial profiling by peace officers employed by the agency]; and~~

(B) examine the disposition of motor vehicle ~~[traffic and pedestrian]~~ stops made by officers employed by the agency, categorized according to the race or ethnicity of the affected persons, as appropriate, including any searches resulting from [the] stops within the applicable jurisdiction; and

(2) information relating to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.

(d) A report required under Subsection (b) may not include identifying information about a peace officer who makes a motor vehicle ~~[traffic or pedestrian]~~ stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the reporting of information required under Article 2.133(b)(1).

(e) The Commission on Law Enforcement Officer Standards and Education, in accordance with Section 1701.162, Occupations Code, shall develop guidelines for compiling and reporting information as required by this article.

(g) On a finding by the Commission on Law Enforcement Officer Standards and Education that the chief administrator of a law enforcement agency intentionally failed to submit a report required under Subsection (b), the commission shall begin disciplinary procedures against the chief administrator.

SECTION _____. Article 2.135, Code of Criminal Procedure, is amended to read as follows:

Art. 2.135. PARTIAL EXEMPTION FOR AGENCIES USING VIDEO AND AUDIO EQUIPMENT. (a) A peace officer is exempt from the reporting requirement under Article 2.133 and the chief administrator of a law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, is exempt from the compilation, analysis, and reporting requirements under Article 2.134 if:

(1) during the calendar year preceding the date that a report under Article 2.134 is required to be submitted:

(A) each law enforcement motor vehicle regularly used by an officer employed by the agency to make motor vehicle [~~traffic and pedestrian~~] stops is equipped with video camera and transmitter-activated equipment and each law enforcement motorcycle regularly used to make motor vehicle [~~traffic and pedestrian~~] stops is equipped with transmitter-activated equipment; and

(B) each motor vehicle [~~traffic and pedestrian~~] stop made by an officer employed by the agency that is capable of being recorded by video and audio or audio equipment, as appropriate, is recorded by using the equipment; or

(2) the governing body of the county or municipality served by the law enforcement agency, in conjunction with the law enforcement agency, certifies to the Department of Public Safety, not later than the date specified by rule by the department, that the law enforcement agency needs funds or video and audio equipment for the purpose of installing video and audio equipment as described by Subsection (a)(1)(A) and the agency does not receive from the state funds or video and audio equipment sufficient, as determined by the department, for the agency to accomplish that purpose.

(b) Except as otherwise provided by this subsection, a law enforcement agency that is exempt from the requirements under Article 2.134 shall retain the video and audio or audio documentation of each motor vehicle [~~traffic and pedestrian~~] stop for at least 90 days after the date of the stop. If a complaint is filed with the law enforcement agency alleging that a peace officer employed by the agency has engaged in racial profiling with respect to a motor vehicle [~~traffic or pedestrian~~] stop, the agency shall retain the video and audio or audio record of the stop until final disposition of the complaint.

(c) This article does not affect the collection or reporting requirements under Article 2.132.

(d) In this article, "motor vehicle stop" has the meaning assigned by Article 2.132(a).

SECTION _____. Chapter 2, Code of Criminal Procedure, is amended by adding Article 2.1385 to read as follows:

Art. 2.1385. CIVIL PENALTY. (a) If the chief administrator of a local law enforcement agency intentionally fails to submit the incident-based data as required by Article 2.134, the agency is liable to the state for a civil penalty in the amount of \$1,000 for each violation. The attorney general may sue to collect a civil penalty under this subsection.

(b) From money appropriated to the agency for the administration of the agency, the executive director of a state law enforcement agency that intentionally fails to submit the incident-based

data as required by Article 2.134 shall remit to the comptroller the amount of \$1,000 for each violation.

(c) Money collected under this article shall be deposited in the state treasury to the credit of the general revenue fund.

SECTION _____. Subchapter A, Chapter 102, Code of Criminal Procedure, is amended by adding Article 102.022 to read as follows:

Art. 102.022. COSTS ON CONVICTION TO FUND STATEWIDE REPOSITORY FOR DATA RELATED TO CIVIL JUSTICE. (a) In this article, "moving violation" means an offense that:

- (1) involves the operation of a motor vehicle; and
- (2) is classified as a moving violation by the Department of Public Safety under Section 708.052, Transportation Code.

(b) A defendant convicted of a moving violation in a justice court, county court, county court at law, or municipal court shall pay a fee of 10 cents as a cost of court.

(c) In this article, a person is considered convicted if:

- (1) a sentence is imposed on the person;
- (2) the person receives community supervision, including deferred adjudication; or
- (3) the court defers final disposition of the person's case.

(d) The clerks of the respective courts shall collect the costs described by this article. The clerk shall keep separate records of the funds collected as costs under this article and shall deposit the funds in the county or municipal treasury, as appropriate.

(e) The custodian of a county or municipal treasury shall:

- (1) keep records of the amount of funds on deposit collected under this article; and
- (2) send to the comptroller before the last day of the first month following each calendar quarter the funds collected under this article during the preceding quarter.

(f) A county or municipality may retain 10 percent of the funds collected under this article by an officer of the county or municipality as a collection fee if the custodian of the county or municipal treasury complies with Subsection (e).

(g) If no funds due as costs under this article are deposited in a county or municipal treasury in a calendar quarter, the custodian of the treasury shall file the report required for the quarter in the regular manner and must state that no funds were collected.

(h) The comptroller shall deposit the funds received under this article to the credit of the Civil Justice Data Repository fund in the general revenue fund, to be used only by the Commission on Law Enforcement Officer Standards and Education to implement duties under Section 1701.162, Occupations Code.

(i) Funds collected under this article are subject to audit by the comptroller.

SECTION _____. (a) Section 102.061, Government Code, as reenacted and amended by Chapter 921 (H.B. 3167), Acts of the 80th Legislature, Regular Session, 2007, is amended to conform to the amendments made to Section 102.061, Government Code, by Chapter 1053 (H.B. 2151), Acts of the 80th Legislature, Regular Session, 2007, and is further amended to read as follows:

Sec. 102.061. ADDITIONAL COURT COSTS ON CONVICTION IN STATUTORY COUNTY COURT: CODE OF CRIMINAL PROCEDURE. The clerk of a statutory county court shall collect fees and costs under the Code of Criminal Procedure on conviction of a defendant as follows:

- (1) a jury fee (Art. 102.004, Code of Criminal Procedure) . . . \$20;
- (2) a fee for services of the clerk of the court (Art. 102.005, Code of Criminal Procedure) . . . \$40;

(3) a records management and preservation services fee (Art. 102.005, Code of Criminal Procedure) . . . \$25;

(4) a security fee on a misdemeanor offense (Art. 102.017, Code of Criminal Procedure) . . . \$3;

(5) a juvenile delinquency prevention and graffiti eradication fee (Art. 102.0171, Code of Criminal Procedure) . . . \$50 [~~\$5~~]; [~~and~~]

(6) a juvenile case manager fee (Art. 102.0174, Code of Criminal Procedure) . . . not to exceed \$5; and

(7) a civil justice fee (Art. 102.022, Code of Criminal Procedure) . . . \$0.10.

(b) Section 102.061, Government Code, as amended by Chapter 1053 (H.B. 2151), Acts of the 80th Legislature, Regular Session, 2007, is repealed. Section 102.061, Government Code, as reenacted and amended by Chapter 921 (H.B. 3167), Acts of the 80th Legislature, Regular Session, 2007, to reorganize and renumber that section, continues in effect as further amended by this section.

SECTION _____. (a) Section 102.081, Government Code, as amended by Chapter 921 (H.B. 3167), Acts of the 80th Legislature, Regular Session, 2007, is amended to conform to the amendments made to Section 102.081, Government Code, by Chapter 1053 (H.B. 2151), Acts of the 80th Legislature, Regular Session, 2007, and is further amended to read as follows:

Sec. 102.081. ADDITIONAL COURT COSTS ON CONVICTION IN COUNTY COURT: CODE OF CRIMINAL PROCEDURE. The clerk of a county court shall collect fees and costs under the Code of Criminal Procedure on conviction of a defendant as follows:

(1) a jury fee (Art. 102.004, Code of Criminal Procedure) . . . \$20;

(2) a fee for clerk of the court services (Art. 102.005, Code of Criminal Procedure) . . . \$40;

(3) a records management and preservation services fee (Art. 102.005, Code of Criminal Procedure) . . . \$25;

(4) a security fee on a misdemeanor offense (Art. 102.017, Code of Criminal Procedure) . . . \$3;

(5) a juvenile delinquency prevention and graffiti eradication fee (Art. 102.0171, Code of Criminal Procedure) . . . \$50 [~~\$5~~]; [~~and~~]

(6) a juvenile case manager fee (Art. 102.0174, Code of Criminal Procedure) . . . not to exceed \$5; and

(7) a civil justice fee (Art. 102.022, Code of Criminal Procedure) . . . \$0.10.

(b) Section 102.081, Government Code, as amended by Chapter 1053 (H.B. 2151), Acts of the 80th Legislature, Regular Session, 2007, is repealed. Section 102.081, Government Code, as amended by Chapter 921 (H.B. 3167), Acts of the 80th Legislature, Regular Session, 2007, to reorganize and renumber that section, continues in effect as further amended by this section.

SECTION _____. Section 102.101, Government Code, is amended to read as follows:

Sec. 102.101. ADDITIONAL COURT COSTS ON CONVICTION IN JUSTICE COURT: CODE OF CRIMINAL PROCEDURE. A clerk of a justice court shall collect fees and costs under the Code of Criminal Procedure on conviction of a defendant as follows:

(1) a jury fee (Art. 102.004, Code of Criminal Procedure) . . . \$3;

(2) a fee for withdrawing request for jury less than 24 hours before time of trial (Art. 102.004, Code of Criminal Procedure) . . . \$3;

(3) a jury fee for two or more defendants tried jointly (Art. 102.004, Code of Criminal Procedure) . . . one jury fee of \$3;

- (4) a security fee on a misdemeanor offense (Art. 102.017, Code of Criminal Procedure) . . . \$4;
- (5) a fee for technology fund on a misdemeanor offense (Art. 102.0173, Code of Criminal Procedure) . . . \$4;
- (6) a juvenile case manager fee (Art. 102.0174, Code of Criminal Procedure) . . . not to exceed \$5;
- (7) a fee on conviction of certain offenses involving issuing or passing a subsequently dishonored check (Art. 102.0071, Code of Criminal Procedure) . . . not to exceed \$30; ~~and~~
- (8) a court cost on conviction of a Class C misdemeanor in a county with a population of 3.3 million or more, if authorized by the county commissioners court (Art. 102.009, Code of Criminal Procedure) . . . not to exceed \$7; and
- (9) a civil justice fee (Art. 102.022, Code of Criminal Procedure) . . . \$0.10.

SECTION _____. Section 102.121, Government Code, is amended to read as follows:

Sec. 102.121. ADDITIONAL COURT COSTS ON CONVICTION IN MUNICIPAL COURT: CODE OF CRIMINAL PROCEDURE. The clerk of a municipal court shall collect fees and costs on conviction of a defendant as follows:

- (1) a jury fee (Art. 102.004, Code of Criminal Procedure) . . . \$3;
- (2) a fee for withdrawing request for jury less than 24 hours before time of trial (Art. 102.004, Code of Criminal Procedure) . . . \$3;
- (3) a jury fee for two or more defendants tried jointly (Art. 102.004, Code of Criminal Procedure) . . . one jury fee of \$3;
- (4) a security fee on a misdemeanor offense (Art. 102.017, Code of Criminal Procedure) . . . \$3;
- (5) a fee for technology fund on a misdemeanor offense (Art. 102.0172, Code of Criminal Procedure) . . . not to exceed \$4; ~~and~~
- (6) a juvenile case manager fee (Art. 102.0174, Code of Criminal Procedure) . . . not to exceed \$5; and
- (7) a civil justice fee (Art. 102.022, Code of Criminal Procedure) . . . \$0.10.

SECTION _____. Subchapter D, Chapter 1701, Occupations Code, is amended by adding Section 1701.164 to read as follows:

Sec. 1701.164. COLLECTION OF CERTAIN INCIDENT-BASED DATA SUBMITTED BY LAW ENFORCEMENT AGENCIES. The commission shall collect and maintain incident-based data submitted to the commission under Article 2.134, Code of Criminal Procedure, including incident-based data compiled by a law enforcement agency from reports received by the law enforcement agency under Article 2.133 of that code. The commission in consultation with the Department of Public Safety, the Bill Blackwood Law Enforcement Management Institute of Texas, the W. W. Caruth, Jr., Police Institute at Dallas, and the Texas Police Chiefs Association shall develop guidelines for submitting in a standard format the report containing incident-based data as required by Article 2.134, Code of Criminal Procedure.

SECTION _____. Subsection (a), Section 1701.501, Occupations Code, is amended to read as follows:

(a) Except as provided by Subsection (d), the commission shall revoke or suspend a license, place on probation a person whose license has been suspended, or reprimand a license holder for a violation of:

- (1) this chapter;

(2) the reporting requirements provided by Articles 2.132 and 2.134, Code of Criminal Procedure;
or

(3) a commission rule.

SECTION _____. (a) The requirements of Articles 2.132, 2.133, and 2.134, Code of Criminal Procedure, as amended by this Act, relating to the compilation, analysis, and submission of incident-based data apply only to information based on a motor vehicle stop occurring on or after January 1, 2010.

(b) The imposition of a cost of court under Article 102.022, Code of Criminal Procedure, as added by this Act, applies only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is covered by the law in effect when the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

Racial and Ethnic Designations

(H.B. 3051)

H.B. No. 3051 - An Act relating to the categories used to record the race or ethnicity of persons stopped for or convicted of traffic offenses.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article 2.132(a)(3), Code of Criminal Procedure, is amended to read as follows:

(3) "Race or ethnicity" means the following categories:

(A) Alaska native or American Indian;

(B) ~~[of a particular descent, including Caucasian, African, Hispanic,]~~ Asian or Pacific Islander;

(C) black;

(D) white; and

(E) Hispanic or Latino ~~[, Native American, or Middle Eastern descent]~~.

SECTION 2. Section 543.202(a), Transportation Code, is amended to read as follows:

(a) In this section, "race or ethnicity" means the following categories:

(1) Alaska native or American Indian;

(2) ~~[of a particular descent, including Caucasian, African, Hispanic,]~~ Asian or Pacific Islander;

(3) black;

(4) white; and

(5) Hispanic or Latino ~~[, or Native American descent]~~.

SECTION 3. This Act takes effect September 1, 2017.

President of the Senate

Speaker of the House

I certify that H.B. No. 3051 was passed by the House on May 4, 2017, by the following vote: Yeas 143, Nays 2, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3051 was passed by the Senate on May 19, 2017, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor

The Sandra Bland Act

(S.B. 1849)

S.B. No. 1849

An Act relating to interactions between law enforcement and individuals detained or arrested on suspicion of the commission of criminal offenses, to the confinement, conviction, or release of those individuals, and to grants supporting populations that are more likely to interact frequently with law enforcement.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. SHORT TITLE

SECTION 1.01. SHORT TITLE. This Act shall be known as the Sandra Bland Act, in memory of Sandra Bland.

ARTICLE 2. IDENTIFICATION AND DIVERSION OF AND SERVICES FOR PERSONS SUSPECTED OF HAVING A MENTAL ILLNESS, AN INTELLECTUAL DISABILITY, OR A SUBSTANCE ABUSE ISSUE

SECTION 2.01. Article 16.22, Code of Criminal Procedure, is amended to read as follows:

Art. 16.22. EARLY IDENTIFICATION OF DEFENDANT SUSPECTED OF HAVING MENTAL ILLNESS OR INTELLECTUAL DISABILITY [MENTAL RETARDATION]. (a)(1) Not later than 12 [72] hours after receiving credible information that may establish reasonable cause to believe that a defendant committed to the sheriff's custody has a mental illness or is a person with an intellectual disability [mental retardation], including observation of the defendant's behavior immediately before, during, and after the defendant's arrest and the results of any previous assessment of the defendant, the sheriff shall provide written or electronic notice of the information to the magistrate. On a determination that there is reasonable cause to believe that the defendant has a mental illness or is a person with an intellectual disability [mental retardation], the magistrate, except as provided by Subdivision

(2), shall order the local mental health or intellectual and developmental disability [mental retardation] authority or another qualified mental health or intellectual disability [mental retardation] expert to:

(A) collect information regarding whether the defendant has a mental illness as defined by Section 571.003,

Health and Safety Code, or is a person with an intellectual disability [mental retardation] as defined by Section 591.003, Health and Safety Code, including information obtained from any previous assessment of the defendant; and

(B) provide to the magistrate a written assessment of the information collected under Paragraph (A).

(2) The magistrate is not required to order the collection of information under Subdivision (1) if the defendant in the year preceding the defendant's applicable date of arrest has been determined to have a mental illness or to be a person with an intellectual disability [mental retardation] by the local mental health or intellectual and developmental disability [mental retardation] authority or another mental health or intellectual disability [mental retardation] expert described by Subdivision

(1). A court that elects to use the results of that previous determination may proceed under Subsection (c).

(3) If the defendant fails or refuses to submit to the collection of information regarding the defendant as required under Subdivision (1), the magistrate may order the defendant to submit to an examination in a mental health facility determined to be appropriate by the local mental health or intellectual and developmental disability [mental retardation] authority for a reasonable period not to exceed 21 days. The magistrate may order a defendant to a facility operated by the Department of State Health Services or the Health and Human Services Commission [Department of Aging and Disability Services] for examination only on request of the local mental health or intellectual and developmental disability [mental retardation] authority and with the consent of the head of the facility. If a defendant who has been ordered to a facility operated by the Department of State Health Services or the Health and Human Services Commission [Department of Aging and Disability Services] for examination remains in the facility for a period exceeding 21 days, the head of that facility shall cause the defendant to be immediately transported to the committing court and placed in the custody of the sheriff of the county in which the committing court is located. That county shall reimburse the facility for the mileage and per diem expenses of the personnel required to transport the defendant calculated in accordance with the state travel regulations in effect at the time.

(b) A written assessment of the information collected under Subsection (a)(1)(A) shall be provided to the magistrate not later than the 30th day after the date of any order issued under Subsection (a) in a felony case and not later than the 10th day after the date of any order issued under that subsection in a misdemeanor case, and the magistrate shall provide copies of the written assessment to the defense counsel, the prosecuting attorney, and the trial court. The written assessment must include a description of the procedures used in the collection of information under Subsection (a)(1)(A) and the applicable expert's observations and findings pertaining to:

(1) whether the defendant is a person who has a mental illness or is a person with an intellectual disability [mental retardation];

(2) whether there is clinical evidence to support a belief that the defendant may be incompetent to stand trial and should undergo a complete competency examination under Subchapter B, Chapter 46B; and

(3) recommended treatment.

(c) After the trial court receives the applicable expert's written assessment relating to the defendant under Subsection (b) or elects to use the results of a previous determination as described by Subsection (a)(2), the trial court may, as applicable:

(1) resume criminal proceedings against the defendant, including any appropriate proceedings related to the defendant's release on personal bond under Article 17.032;

(2) resume or initiate competency proceedings, if required, as provided by Chapter 46B or other proceedings affecting the defendant's receipt of appropriate court-ordered mental health or intellectual disability [mental retardation] services, including proceedings related to the defendant's receipt of outpatient mental health services under Section 574.034, Health and Safety Code; or

(3) consider the written assessment during the punishment phase after a conviction of the offense for which the defendant was arrested, as part of a presentence investigation report, or in connection with the impositions of conditions following placement on community supervision, including deferred adjudication community supervision.

(d) This article does not prevent the applicable court from, before, during, or after the collection of information regarding the defendant as described by this article: (1) releasing a defendant who has a mental illness [mentally ill] or is a person with an intellectual disability [mentally retarded defendant] from custody on personal or surety bond; or

(2) ordering an examination regarding the defendant's competency to stand trial.

SECTION 2.02. Chapter 16, Code of Criminal Procedure, is amended by adding Article 16.23 to read as follows:

Art. 16.23. DIVERSION OF PERSONS SUFFERING MENTAL HEALTH CRISIS OR SUBSTANCE ABUSE ISSUE. (a) Each law enforcement agency shall make a good faith effort to divert a person suffering a mental health crisis or suffering from the effects of substance abuse to a proper treatment center in the agency's jurisdiction if:

(1) there is an available and appropriate treatment center in the agency's jurisdiction to which the agency may divert the person;

(2) it is reasonable to divert the person;

(3) the offense that the person is accused of is a misdemeanor, other than a misdemeanor involving violence; and

(4) the mental health crisis or substance abuse issue is suspected to be the reason the person committed the alleged offense.

(b) Subsection (a) does not apply to a person who is accused of an offense under Section 49.04, 49.045, 49.05, 49.06, 49.065, 49.07, or 49.08, Penal Code.

SECTION 2.03. Section 539.002, Government Code, is amended to read as follows:

Sec. 539.002. GRANTS FOR ESTABLISHMENT AND EXPANSION OF COMMUNITY COLLABORATIVES. (a) To the extent funds are appropriated to the department for that purpose, the department shall make grants to entities, including local governmental entities, nonprofit community organizations, and faith-based community organizations, to establish or expand community collaboratives that bring the public and private sectors together to provide services to persons experiencing homelessness, substance abuse issues, or [and] mental illness. [The department may make a maximum of five grants, which must be made in the most populous

municipalities in this state that are located in counties with a population of more than one million.] In awarding grants, the department shall give special consideration to entities:

- (1) establishing [a] new collaboratives; or
- (2) establishing or expanding collaboratives that serve two or more counties, each with a population of less than 100,000 [collaborative].
- (b) The department shall require each entity awarded a grant under this section to:
 - (1) leverage additional funding from private sources in an amount that is at least equal to the amount of the grant awarded under this section; [and]
 - (2) provide evidence of significant coordination and collaboration between the entity, local mental health authorities, municipalities, local law enforcement agencies, and other community stakeholders in establishing or expanding a community collaborative funded by a grant awarded under this section; and
 - (3) provide evidence of a local law enforcement policy to divert appropriate persons from jails or other detention facilities to an entity affiliated with a community collaborative for the purpose of providing services to those persons.

SECTION 2.04. Chapter 539, Government Code, is amended by adding Section 539.0051 to read as follows:

Sec. 539.0051. PLAN REQUIRED FOR CERTAIN COMMUNITY COLLABORATIVES. (a) The governing body of a county shall develop and make public a plan detailing:

- (1) how local mental health authorities, municipalities, local law enforcement agencies, and other community stakeholders in the county could coordinate to establish or expand a community collaborative to accomplish the goals of Section 539.002;
- (2) how entities in the county may leverage funding from private sources to accomplish the goals of Section 539.002 through the formation or expansion of a community collaborative; and
- (3) how the formation or expansion of a community collaborative could establish or support resources or services to help local law enforcement agencies to divert persons who have been arrested to appropriate mental health care or substance abuse treatment.
- (b) The governing body of a county in which an entity that received a grant under Section 539.002 before September 1, 2017, is located is not required to develop a plan under Subsection (a).
- (c) Two or more counties, each with a population of less than 100,000, may form a joint plan under Subsection (a).

ARTICLE 3. BAIL, PRETRIAL RELEASE, AND COUNTY JAIL STANDARDS

SECTION 3.01. The heading to Article 17.032, Code of Criminal Procedure, is amended to read as follows:

Art. 17.032. RELEASE ON PERSONAL BOND OF CERTAIN [MENTALLY ILL] DEFENDANTS WITH MENTAL ILLNESS OR INTELLECTUAL DISABILITY.

SECTION 3.02. Articles 17.032(b) and (c), Code of Criminal Procedure, are amended to read as follows:

(b) A magistrate shall release a defendant on personal bond unless good cause is shown otherwise if the:

(1) defendant is not charged with and has not been previously convicted of a violent offense;

(2) defendant is examined by the local mental health or intellectual and developmental disability [mental retardation] authority or another mental health expert under Article 16.22 [of this code];

(3) applicable expert, in a written assessment submitted to the magistrate under Article 16.22:

(A) concludes that the defendant has a mental illness or is a person with an intellectual disability [mental retardation] and is nonetheless competent to stand trial; and

(B) recommends mental health treatment or intellectual disability treatment for the defendant, as applicable; and

(4) magistrate determines, in consultation with the local mental health or intellectual and developmental disability [mental retardation] authority, that appropriate community-based mental health or intellectual disability [mental retardation] services for the defendant are available through the [Texas] Department of State [Mental] Health Services [and Mental Retardation] under Section 534.053, Health and Safety Code, or through another mental health or intellectual disability [mental retardation] services provider.

(c) The magistrate, unless good cause is shown for not requiring treatment, shall require as a condition of release on personal bond under this article that the defendant submit to outpatient or inpatient mental health or intellectual disability [mental retardation] treatment as recommended by the local mental health or intellectual and developmental disability [mental retardation] authority if the defendant's:

(1) mental illness or intellectual disability [mental retardation] is chronic in nature; or

(2) ability to function independently will continue to deteriorate if the defendant is not treated.

SECTION 3.03. Article 25.03, Code of Criminal Procedure, is amended to read as follows:

Art. 25.03. IF ON BAIL IN FELONY. When the accused, in case of felony, is on bail at the time the indictment is presented, [it is not necessary to serve him with a copy, but] the clerk shall [on request] deliver a copy of the indictment [same] to the accused or the accused's [his] counsel[,] at the earliest possible time.

SECTION 3.04. Article 25.04, Code of Criminal Procedure, is amended to read as follows:

Art. 25.04. IN MISDEMEANOR. In misdemeanors, the clerk shall deliver a copy of the indictment or information to the accused or the accused's counsel at the earliest possible time before trial [it shall not be necessary before trial to furnish the accused with a copy of the indictment or information; but he or his counsel may demand a copy, which shall be given as early as possible]

SECTION 3.05. Section 511.009(a), Government Code, as amended by Chapters 281 (H.B. 875), 648 (H.B. 549), and 688 (H.B. 634), Acts of the 84th Legislature, Regular Session, 2015, is reenacted and amended to read as follows:

(a) The commission shall:

- (1) adopt reasonable rules and procedures establishing minimum standards for the construction, equipment, maintenance, and operation of county jails;
- (2) adopt reasonable rules and procedures establishing minimum standards for the custody, care, and treatment of prisoners;
- (3) adopt reasonable rules establishing minimum standards for the number of jail supervisory personnel and for programs and services to meet the needs of prisoners;
- (4) adopt reasonable rules and procedures establishing minimum requirements for programs of rehabilitation, education, and recreation in county jails;
- (5) revise, amend, or change rules and procedures if necessary;
- (6) provide to local government officials consultation on and technical assistance for county jails;
- (7) review and comment on plans for the construction and major modification or renovation of county jails;
- (8) require that the sheriff and commissioners of each county submit to the commission, on a form prescribed by the commission, an annual report on the conditions in each county jail within their jurisdiction, including all information necessary to determine compliance with state law, commission orders, and the rules adopted under this chapter;
- (9) review the reports submitted under Subdivision (8) and require commission employees to inspect county jails regularly to ensure compliance with state law, commission orders, and rules and procedures adopted under this chapter;
- (10) adopt a classification system to assist sheriffs and judges in determining which defendants are low-risk and consequently suitable participants in a county jail work release program under Article 42.034, Code of Criminal Procedure;
- (11) adopt rules relating to requirements for segregation of classes of inmates and to capacities for county jails;
- (12) require that the chief jailer of each municipal lockup submit to the commission, on a form prescribed by the commission, an annual report of persons under 17 years of age securely detained in the lockup, including all information necessary to determine compliance with state law concerning secure confinement of children in municipal lockups;
- (13) at least annually determine whether each county jail is in compliance with the rules and procedures adopted under this chapter;
- (14) require that the sheriff and commissioners court of each county submit to the commission, on a form prescribed by the commission, an annual report of persons under 17 years of age securely detained in the county jail, including all information necessary to determine compliance with state law concerning secure confinement of children in county jails;
- (15) schedule announced and unannounced inspections of jails under the commission's jurisdiction using the risk assessment plan established under Section 511.0085 to guide the inspections process;
- (16) adopt a policy for gathering and distributing to jails under the commission's

jurisdiction information regarding:

- (A) common issues concerning jail administration;
- (B) examples of successful strategies for maintaining compliance with state law and the rules, standards, and procedures of the commission; and
- (C) solutions to operational challenges for jails;

(17) report to the Texas Correctional Office on Offenders with Medical or Mental Impairments on a jail's compliance with Article 16.22, Code of Criminal Procedure;

(18) adopt reasonable rules and procedures establishing minimum requirements for jails to:

- (A) determine if a prisoner is pregnant; and
- (B) ensure that the jail's health services plan addresses medical and mental health care, including nutritional requirements, and any special housing or work assignment needs for persons who are confined in the jail and are known or determined to be pregnant;

(19) provide guidelines to sheriffs regarding contracts between a sheriff and another entity for the provision of food services to or the operation of a commissary in a jail under the commission's jurisdiction, including specific provisions regarding conflicts of interest and avoiding the appearance of impropriety; [and]

(20) adopt reasonable rules and procedures establishing minimum standards for prisoner visitation that provide each prisoner at a county jail with a minimum of two in-person, noncontact visitation periods per week of at least 20 minutes duration each;

(21) [(20)] require the sheriff of each county to:

(A) investigate and verify the veteran status of each prisoner by using data made available from the Veterans Reentry Search Service (VRSS) operated by the United States Department of Veterans Affairs or a similar service; and

(B) use the data described by Paragraph (A) to assist prisoners who are veterans in applying for federal benefits or compensation for which the prisoners may be eligible under a program administered by the United States Department of Veterans Affairs;

(22) [(20)] adopt reasonable rules and procedures regarding visitation of a prisoner at a county jail by a guardian, as defined by Section 1002.012, Estates Code, that:

(A) allow visitation by a guardian to the same extent as the prisoner's next of kin, including placing the guardian on the prisoner's approved visitors list on the guardian's request and providing the guardian access to the prisoner during a facility's standard visitation hours if the prisoner is otherwise eligible to receive visitors; and

(B) require the guardian to provide the sheriff with letters of guardianship issued as provided by Section 1106.001, Estates Code, before being allowed to visit the prisoner; and

(23) adopt reasonable rules and procedures to ensure the safety of prisoners, including rules and procedures that require a county jail to:

(A) give prisoners the ability to access a mental health professional at the jail through a telemental health service 24 hours a day;

(B) give prisoners the ability to access a health professional at the jail or through a telehealth service 24 hours a day or, if a health professional is unavailable at the jail or through a telehealth service, provide for a prisoner to be transported to access a health professional; and

(C) if funding is available under Section 511.019, install automated electronic sensors or cameras to ensure accurate and timely in-person checks of cells or groups of cells confining at-risk

individuals.

SECTION 3.06. Section 511.009, Government Code, is amended by adding Subsection (d) to read as follows:

(d) The commission shall adopt reasonable rules and procedures establishing minimum standards regarding the continuity of prescription medications for the care and treatment of prisoners. The rules and procedures shall require that a qualified medical professional shall review as soon as possible any prescription medication a prisoner is taking when the prisoner is taken into custody.

SECTION 3.07. Chapter 511, Government Code, is amended by adding Sections 511.019, 511.020, and 511.021 to read as follows:

Sec. 511.019. PRISONER SAFETY FUND. (a) The prisoner safety fund is a dedicated account in the general revenue fund.

(b) The prisoner safety fund consists of:

- (1) appropriations of money to the fund by the legislature; and
- (2) gifts, grants, including grants from the federal government, and other donations received for the fund.

(c) Money in the fund may be appropriated only to the commission to pay for capital improvements that are required under Section 511.009(a)(23).

(d) The commission by rule may establish a grant program to provide grants to counties to fund capital improvements described by Subsection (c). The commission may only provide a grant to a county for capital improvements to a county jail with a capacity of not more than 96 prisoners.

Sec. 511.020. SERIOUS INCIDENTS REPORT. (a) On or before the fifth day of each month, the sheriff of each county shall report to the commission regarding the occurrence during the preceding month of any of the following incidents involving a prisoner in the county jail:

- (1) a suicide;
- (2) an attempted suicide;
- (3) a death;
- (4) a serious bodily injury, as that term is defined by

Section 1.07, Penal Code;

- (5) an assault;
- (6) an escape;
- (7) a sexual assault; and
- (8) any use of force resulting in bodily injury, as that term is defined by Section 1.07, Penal Code.

(b) The commission shall prescribe a form for the report required by Subsection (a).

(c) The information required to be reported under Subsection (a)(8) may not include the name or other identifying information of a county jailer or jail employee.

(d) The information reported under Subsection (a) is public information subject to an open records request under Chapter 552.

Sec. 511.021. INDEPENDENT INVESTIGATION OF DEATH OCCURRING IN COUNTY JAIL. (a) On the death of a prisoner in a county jail, the commission shall appoint a law enforcement agency, other than the local law enforcement agency that operates the county jail, to investigate the death as soon as possible.

(b) The commission shall adopt any rules necessary relating to the appointment of a law enforcement agency under Subsection

(a), including rules relating to cooperation between law enforcement agencies and to procedures for handling evidence.

SECTION 3.08. The changes in law made by this article to Article 17.032, Code of Criminal Procedure, apply only to a personal bond that is executed on or after the effective date of this Act. A personal bond executed before the effective date of executed, and the former law is continued in effect for that purpose.

SECTION 3.09. Not later than January 1, 2018, the Commission on Jail Standards shall:

(1) adopt the rules and procedures required by Section 511.009(d), Government Code, as added by this article, and the rules required by Section 511.021(b), Government Code, as added by this article; and

(2) prescribe the form required by Section 511.020(b), Government Code, as added by this article.

SECTION 3.10. Not later than September 1, 2018, the Commission on Jail Standards shall adopt the rules and procedures required by Section 511.009(a)(23), Government Code, as added by this article. On and after September 1, 2020, a county jail shall comply with any rule or procedure adopted by the Commission on Jail Standards under that subdivision.

SECTION 3.11. To the extent of any conflict, this Act prevails over another Act of the 85th Legislature, Regular Session, 2017, relating to non-substantive additions to and corrections in enacted codes.

ARTICLE 4. PEACE OFFICER AND COUNTY JAILER TRAINING

SECTION 4.01. Chapter 511, Government Code, is amended by adding Section 511.00905 to read as follows:

Sec. 511.00905. JAIL ADMINISTRATOR POSITION; EXAMINATION REQUIRED. (a) The Texas Commission on Law Enforcement shall develop and the commission shall approve an examination for a person assigned to the jail administrator position overseeing a county jail.

(b) The commission shall adopt rules requiring a person, other than a sheriff, assigned to the jail administrator position overseeing a county jail to pass the examination not later than the 180th day after the date the person is assigned to that position. The rules must provide that a person who fails the examination may be immediately removed from the position and may not

be reinstated until the person passes the examination.

(c) The sheriff of a county shall perform the duties of the jail administrator position at any time there is not a person available who satisfies the examination requirements of this section.

(d) A person other than a sheriff may not serve in the jail administrator position of a county jail unless the person satisfies the examination requirement of this section.

SECTION 4.02. Section 1701.253, Occupations Code, is amended by amending Subsection (j) and adding Subsection (n) to read as follows: commission shall require an officer to complete a 40-hour statewide education and training program on de-escalation and crisis intervention techniques to facilitate interaction with persons with mental impairments. An officer shall complete the program not later than the second anniversary of the date the officer is licensed under this chapter or the date the officer applies for an intermediate proficiency certificate, whichever date is earlier. An officer may not satisfy the requirements of this subsection [section] or Section 1701.402(g) by taking an online course on de-escalation and crisis intervention techniques to facilitate interaction with persons with mental impairments.

(n) As part of the minimum curriculum requirements, the commission shall require an officer to complete a statewide education and training program on de-escalation techniques to facilitate interaction with members of the public, including techniques for limiting the use of force resulting in bodily injury.

SECTION 4.03. Section 1701.310(a), Occupations Code, is amended to read as follows:

(a) Except as provided by Subsection (e), a person may not be appointed as a county jailer, except on a temporary basis, unless the person has satisfactorily completed a preparatory training program, as required by the commission, in the operation of a county jail at a school operated or licensed by the commission. The training program must consist of at least eight hours of mental health training approved by the commission and the Commission on Jail Standards.

SECTION 4.04. Section 1701.352(b), Occupations Code, is amended to read as follows:

(b) The commission shall require a state, county, special district, or municipal agency that appoints or employs peace officers to provide each peace officer with a training program at least once every 48 months that is approved by the commission and consists of:

- (1) topics selected by the agency; and
- (2) for an officer holding only a basic proficiency certificate, not more than 20 hours of education and training that contain curricula incorporating the learning objectives developed by the commission regarding:
 - (A) civil rights, racial sensitivity, and cultural diversity;
 - (B) de-escalation and crisis intervention techniques to facilitate interaction with persons with mental impairments; [and]
 - (C) de-escalation techniques to facilitate interaction with members of the public, including techniques for limiting the use of force resulting in bodily injury; and
 - (D) unless determined by the agency head to be inconsistent with the officer's assigned duties:
 - (i) the recognition and documentation of cases that involve child abuse or neglect, family violence, and sexual assault; and

- (ii) issues concerning sex offender characteristics.

SECTION 4.05. Section 1701.402, Occupations Code, is amended by adding Subsection (n) to read as follows:

(n) As a requirement for an intermediate proficiency certificate or an advanced proficiency certificate, an officer must complete the education and training program regarding de-escalation techniques to facilitate interaction with members of the public established by the commission under Section 1701.253(n).

SECTION 4.06. Not later than March 1, 2018, the Texas Commission on Law Enforcement shall develop and the Commission on Jail Standards shall approve the examination required by Section 511.00905, Government Code, as added by this article.

SECTION 4.07. (a) Not later than March 1, 2018, the Texas Commission on Law Enforcement shall establish or modify training programs as necessary to comply with Section 1701.253, Occupations Code, as amended by this article.

(b) The minimum curriculum requirements under Section 1701.253(j), Occupations Code, as amended by this article, apply only to a peace officer who first begins to satisfy those requirements on or after April 1, 2018.

SECTION 4.08. (a) Section 1701.310, Occupations Code, as amended by this article, takes effect January 1, 2018.

(b) A person in the position of county jailer on September 1, 2017, must comply with Section 1701.310(a), Occupations Code, as amended by this article, not later than August 31, 2021.

ARTICLE 5. MOTOR VEHICLE STOPS, RACIAL PROFILING, AND ISSUANCE OF CITATIONS

SECTION 5.01. Article 2.132, Code of Criminal Procedure, is amended by amending Subsections (b) and (d) and adding Subsection (h) to read as follows:

(b) Each law enforcement agency in this state shall adopt a detailed written policy on racial profiling. The policy must:

- (1) clearly define acts constituting racial profiling;
- (2) strictly prohibit peace officers employed by the agency from engaging in racial profiling;
- (3) implement a process by which an individual may file a complaint with the agency if the individual believes that a peace officer employed by the agency has engaged in racial profiling with respect to the individual;

(4) provide public education relating to the agency's compliment and complaint process, including providing the telephone number, mailing address, and e-mail address to make a compliment or complaint with respect to each ticket, citation, or warning issued by a peace officer;

(5) require appropriate corrective action to be taken against a peace officer employed by the agency who, after an investigation, is shown to have engaged in racial profiling in violation of

the agency's policy adopted under this article;

(6) require collection of information relating to motor vehicle stops in which a ticket, citation, or warning is issued and to arrests made as a result of those stops, including information relating to:

- (A) the race or ethnicity of the individual detained;
- (B) whether a search was conducted and, if so, whether the individual detained consented to the search; [and]
- (C) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual;
- (D) whether the peace officer used physical force that resulted in bodily injury, as that term is defined by Section 1.07, Penal Code, during the stop;
- (E) the location of the stop; and
- (F) the reason for the stop; and

(7) require the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision (6) to:

- (A) the Texas Commission on Law Enforcement; and
- (B) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

(d) On adoption of a policy under Subsection (b), a law enforcement agency shall examine the feasibility of installing video camera and transmitter-activated equipment in each agency law enforcement motor vehicle regularly used to make motor vehicle stops and transmitter-activated equipment in each agency law enforcement motorcycle regularly used to make motor vehicle stops. The agency also shall examine the feasibility of equipping each peace officer who regularly detains or stops motor vehicles with a body worn camera, as that term is defined by Section 1701.651, Occupations Code. If a law enforcement agency installs video or audio equipment or equips peace officers with body worn cameras as provided by this subsection, the policy adopted by the agency under Subsection (b) must include standards for reviewing video and audio documentation.

(h) A law enforcement agency shall review the data collected under Subsection (b)(6) to identify any improvements the agency could make in its practices and policies regarding motor vehicle stops.

SECTION 5.02. Article 2.133, Code of Criminal Procedure, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) A peace officer who stops a motor vehicle for an alleged violation of a law or ordinance shall report to the law enforcement agency that employs the officer information relating to the stop, including:

(1) a physical description of any person operating the motor vehicle who is detained as a result of the stop, including:

- (A) the person's gender; and
- (B) the person's race or ethnicity, as stated by the person or, if the person does not state the person's race or ethnicity, as determined by the officer to the best of the officer's ability;

(2) the initial reason for the stop;

(3) whether the officer conducted a search as a result of the stop and, if so, whether the person detained consented to the search;

(4) whether any contraband or other evidence was discovered in the course of the search and a description of the contraband or evidence;

(5) the reason for the search, including whether:

(A) any contraband or other evidence was in plain view;

(B) any probable cause or reasonable suspicion existed to perform the search; or

(C) the search was performed as a result of the towing of the motor vehicle or the arrest of any person in the motor vehicle;

(6) whether the officer made an arrest as a result of the stop or the search, including a statement of whether the arrest was based on a violation of the Penal Code, a violation of a traffic law or ordinance, or an outstanding warrant and a statement of the offense charged;

(7) the street address or approximate location of the stop; [and]

(8) whether the officer issued a verbal or written warning or a ticket or citation as a result of the stop; and

(9) whether the officer used physical force that resulted in bodily injury, as that term is defined by Section 1.07, Penal Code, during the stop.

(c) The chief administrator of a law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, is responsible for auditing reports under Subsection (b)

to ensure that the race or ethnicity of the person operating the motor vehicle is being reported.

SECTION 5.03. Article 2.134(c), Code of Criminal Procedure, is amended to read as follows:

(c) A report required under Subsection (b) must be submitted by the chief administrator of the law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, and must include:

(1) a comparative analysis of the information compiled under Article 2.133 to:

(A) evaluate and compare the number of motor vehicle stops, within the applicable jurisdiction, of persons who are recognized as racial or ethnic minorities and persons who are not recognized as racial or ethnic minorities; [and]

(B) examine the disposition of motor vehicle stops made by officers employed by the agency, categorized according to the race or ethnicity of the affected persons, as appropriate, including any searches resulting from stops within the applicable jurisdiction; and

(C) evaluate and compare the number of searches resulting from motor vehicle stops within the applicable jurisdiction and whether contraband or other evidence was discovered in the course of those searches; and

(2) information relating to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.

SECTION 5.04. Article 2.137, Code of Criminal Procedure, is amended to read as follows:

Art. 2.137. PROVISION OF FUNDING OR EQUIPMENT. (a) The Department of Public Safety shall adopt rules for providing funds or video and audio equipment to law enforcement agencies for the purpose of installing video and audio equipment in law enforcement motor vehicles and

motorcycles or equipping peace officers with body worn cameras [as described by Article 2.135(a)(1)(A)], including specifying criteria to prioritize funding or equipment provided to law enforcement agencies. The criteria may include consideration of tax effort, financial hardship, available revenue, and budget surpluses. The criteria must give priority to:

(1) law enforcement agencies that employ peace officers whose primary duty is traffic enforcement;

(2) smaller jurisdictions; and

(3) municipal and county law enforcement agencies.

(b) The Department of Public Safety shall collaborate with an institution of higher education to identify law enforcement agencies that need funds or video and audio equipment for the purpose of installing video and audio equipment in law enforcement motor vehicles and motorcycles or equipping peace officers with body worn cameras [as described by Article 2.135(a)(1)(A)]. The collaboration may include the use of a survey to assist in developing criteria to prioritize funding or equipment provided to law enforcement agencies.

(c) To receive funds or video and audio equipment from the state for the purpose of installing video and audio equipment in law enforcement motor vehicles and motorcycles or equipping peace officers with body worn cameras [as described by Article 2.135(a)(1)(A)], the governing body of a county or municipality, in conjunction with the law enforcement agency serving the county or municipality, shall certify to the Department of Public Safety that the law enforcement agency needs funds or video and audio equipment for that purpose.

(d) On receipt of funds or video and audio equipment from the state for the purpose of installing video and audio equipment in law enforcement motor vehicles and motorcycles or equipping peace officers with body worn cameras [as described by Article 2.135(a)(1)(A)], the governing body of a county or municipality, in conjunction with the law enforcement agency serving the county or municipality, shall certify to the Department of Public Safety that the law enforcement agency has taken the necessary actions to use and is using [installed] video and audio equipment and body worn cameras for those purposes [as described by Article 2.135(a)(1)(A) and is using the equipment as required by Article 2.135(a)(1)].

SECTION 5.05. Article 2.1385(a), Code of Criminal Procedure, is amended to read as follows:

(a) If the chief administrator of a local law enforcement agency intentionally fails to submit the incident-based data as required by Article 2.134, the agency is liable to the state for a civil penalty in an [the] amount not to exceed \$5,000 [of \$1,000] for each violation. The attorney general may sue to collect a civil penalty under this subsection.

SECTION 5.06. Article 2.135, Code of Criminal Procedure, is repealed.

SECTION 5.07. Articles 2.132 and 2.134, Code of Criminal Procedure, as amended by this article, apply only to a report covering a calendar year beginning on or after January 1, 2018.

SECTION 5.08. Not later than September 1, 2018, the Texas Commission on Law Enforcement shall:

(1) evaluate and change the guidelines for compiling and reporting information required under Article 2.134, Code of Criminal Procedure, as amended by this article, to enable the

guidelines to better withstand academic scrutiny; and

(2) make accessible online:

(A) a downloadable format of any information submitted under Article 2.134(b), Code of Criminal Procedure, that is not exempt from public disclosure under Chapter 552, Government Code; and

(B) a glossary of terms relating to the information to make the information readily understandable to the public. This Act takes effect September 1, 2017.

Senate Speaker of the House

I hereby certify that S.B. No. 1849 passed the Senate on May 11, 2017, by the following vote:
Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1849 passed the House on May 20, 2017, by the following vote:
Yeas 137, Nays 0, one present not voting.

ARTICLE 6. EFFECTIVE DATE

SECTION 6.01. Except as otherwise provided by this Act,


Approved:

Date

Governor

Chief Clerk of the House

**MANSFIELD POLICE
DEPARTMENT
RACIAL PROFILING POLICY**

 202	MANSFIELD POLICE DEPARTMENT
	Bias-Based Policing
	Effective Date: 09-01-2017
	Approved: <u>Tracy Aaron</u> Chief of Police
	TBP: 2.01, 12.08

202.01 POLICY

The Mansfield Police Department is committed to respect for constitutional rights in the performance of our duties. Our success is based on the respect we give to our communities, and the respect members of the community observe toward law enforcement. To this end, we shall exercise our sworn duties, responsibilities, and obligations in a manner that does not discriminate on the basis of race, sex, gender, national origin, ethnicity, age, or religion. All people carry biases: in law enforcement, however, the failure to control our biases can lead to illegal arrests, searches, and detentions, thus thwarting the mission of our department. Most importantly, actions guided by bias destroy the trust and respect essential for our mission to succeed. We live and work in communities very diverse in population: respect for diversity and equitable enforcement of the law are essential to our mission.

All enforcement actions, particularly stops of individuals (for traffic and other purposes), investigative detentions, arrests, searches and seizures of persons or property, shall be based on the standards of reasonable suspicion or probable cause as required by the Fourth Amendment to the U. S. Constitution and statutory authority. In all enforcement decisions, officers shall be able to articulate specific facts, circumstances, and conclusions which support probable cause or reasonable suspicion for arrests, searches, seizures, and stops of individuals. Officers shall not stop, detain, arrest, search, or attempt to search anyone based solely upon the person's race, ethnic background, gender, sexual orientation, religion, economic status, age, cultural group, or any other identifiable group. Officers shall base all such actions on a reasonable suspicion that the person or an occupant of a vehicle committed an offense.

All departmental orders are informed and guided by this directive. Nothing in this order limits non-enforcement contacts between officers and the public.

202.02 PURPOSE

The purpose of the policy is to reaffirm the Mansfield Police Department's commitment to unbiased policing in all its encounters between officer and any person; to reinforce procedures that serve to ensure public confidence and mutual trust through the provision of services in a fair and equitable fashion; and to protect our officers from unwarranted accusations of misconduct when they act within the dictates of departmental policy and the law.

202.03 DEFINITIONS

Most of the following terms appear in this order. In any case, these terms appear in the larger public discourse about alleged biased enforcement behavior and in other orders. These definitions are intended to facilitate on-going discussion and analysis of our enforcement practices.

- A. Bias: Prejudice or partiality which may be based on preconceived ideas, a person's upbringing, culture, experience, or education.
- B. Biased policing: Stopping, detaining, searching, or attempting to search, or using force against a person based upon his or her race, ethnic background, gender, sexual orientation, religion, economic status, age, cultural group, or any other identifiable group.
- C. Ethnicity: A cluster of characteristics which may include race but also cultural characteristics or traits which are shared by a group with a common experience or history.
- D. Gender: Unlike sex, a psychological classification based on cultural characteristics or traits.
- E. Probable cause: Facts or apparent facts and circumstances within an officer's knowledge and of which the officer had reasonable, trustworthy information to lead a reasonable person to believe that an offense has been or is being committed, and that the suspect has committed it.
- F. Race: A category of people of a particular decent, including Alaska native / American Indian, Black, White, Hispanic or Latino, and Pacific Islander. As distinct from ethnicity, race only refers to physical characteristics sufficiently distinctive to group people under a classification.
- G. Racial profiling: A law-enforcement initiated action based on an individual's race, ethnicity, or national origin rather than on the individual's behavior or on information identifying the individual as having engaged in criminal activity.
- H. Reasonable suspicion: Articulable, objective facts which lead an experienced officer to suspect that a person has committed, is committing, or may be about to commit a crime. A well-founded suspicion is based on the totality of the circumstances and does not exist unless it can be articulated. Reasonable suspicion supports a stop of a person. Courts require that stops based on reasonable suspicion be "objectively reasonable."
- I. Sex: A biological classification, male or female, based on physical and genetic characteristics.
- J. Stop: The detention of a subject for a brief period of time, based on reasonable suspicion. A stop is an investigative detention.

202.04 PROCEDURES

A. General responsibilities

1. Officers are prohibited from engaging in bias based profiling or stopping, detaining, searching, arresting, or taking any enforcement action including seizure or forfeiture activities, against any person based solely on the person's race, ethnic background, gender, sexual orientation, religion, economic status, age, cultural group, or any other identifiable group. These characteristics, however, may form part of reasonable suspicion or probable cause when officers are seeking a suspect with one or more of these attributes. (TBP 2.01)
2. Reasonable suspicion or probable cause shall form the basis for any enforcement actions or decisions. Individuals shall only be subjected to stops, seizures, or detention upon reasonable suspicion that they have committed, are committing, or are about to commit an offense. Officers shall document the elements of reasonable suspicion and probable cause in appropriate reports when applicable.
3. Officers shall observe all constitutional safeguards and shall respect the constitutional rights of all persons.
 - a. As traffic stops furnish a primary source of bias-related complaints, officers shall have a firm understanding of the warrantless searches allowed by law, particularly the use of consent. How the officer disengages from a traffic stop may be crucial to a person's perception of fairness or discrimination.
 - b. Officers shall not use the refusal or lack of cooperation to justify a search of the person or vehicle or a prolonged detention once reasonable suspicion has been dispelled.
4. All personnel shall treat everyone with the same courtesy and respect that they would have others observe to department personnel. To this end, personnel are reminded that the exercise of courtesy and respect engenders a future willingness to cooperate with law enforcement.
 - a. Personnel shall facilitate an individual's access to other governmental services whenever possible, and shall actively provide referrals to other appropriate agencies.
 - b. All personnel shall courteously accept, document, and forward to the Chief of Police or designee any complaints made by an individual against the department.
5. When feasible, personnel shall offer explanations of the reasons for enforcement actions or other decisions that bear on individual's well-being unless the explanation would undermine an investigation or jeopardize an officer's safety. When concluding an encounter, personnel shall thank him or her for cooperating.
6. When feasible, all personnel shall identify themselves by name. When a person requests the information, personnel shall give their departmental identification

number, name of the immediate supervisor, or any other reasonable information.

7. All personnel are accountable for their actions. Personnel shall justify their actions when required.

B. Supervisory responsibilities

1. Supervisors shall be held accountable for the observance of constitutional safeguards during the performance of their duties. Supervisors shall identify and correct instances of bias in the work of their subordinates.
2. Supervisors shall use the disciplinary mechanisms of the department to ensure compliance with this order and the constitutional requirements of law enforcement.
3. Supervisors shall be mindful that in accounting for the actions and performance of subordinates, supervisors are key to maintaining community trust in law enforcement. Supervisors shall continually reinforce the ethic of impartial enforcement of the laws, and shall ensure that personnel, by their actions, maintain the community's trust in law enforcement.
4. Supervisors are reminded that biased enforcement of the laws engenders not only mistrust of law enforcement, but increases safety risks to personnel. Lack of control over bias also exposes the department to liability consequences. Supervisors shall be held accountable for repeated instances of biased enforcement of their subordinates.
5. Supervisors shall ensure that all enforcement actions are duly documented per departmental policy. Supervisors shall ensure that all reports show adequate documentation of reasonable suspicion and probable cause, if applicable.
6. Supervisors shall facilitate the filing of any complaints about law enforcement service.

C. Disciplinary consequences

Actions prohibited by this order shall be cause for disciplinary action, up to and including dismissal.

D. Training (TBP 2.01)

Officers shall complete all training required by state law regarding bias based profiling.

202.05 COMPLAINTS

- A. The department shall publish literature outlining our prohibitions on bias based policing and an explanation of how to file a complaint. This literature will be made available at all police facilities in the city. The department's complaint process and its bias based profiling policy will be posted on the department's website.

- B. Complaints alleging incidents of bias based profiling will be fully investigated as described under [Policy 204 \(Internal Investigation and Disciplinary Process\)](#).
- C. Complainants will be notified of the results of the investigations when such investigation is completed.

202.06 RECORD KEEPING

- A. The department will maintain all required records on traffic stops where a citation is issued or where an arrest is made subsequent to a traffic stop pursuant to state law.
- B. The information collected above will be reported to the city council annually.
- C. The information will also be reported to TCOLE in the required format.

202.07 DATA COLLECTION & REPORTING

- A. An officer is required to collect information relating to motor vehicle stops in which a citation is issued and/or arrests made as a result of those stops. This information collected must include:

1. The race or ethnicity of the individual detained;
2. Whether a search was conducted and, if so,
3. Whether it was a consent search or a probable cause search; and

Note: It is strongly recommended that consent searches only be conducted with consent documented in writing or through the audio/video recording. If an individual indicates that they will consent to a search but refuses to sign the form, fill out the consent form anyway and indicate "consented to search but refused to sign," inserting the officer's initials and the signature of any witness in the signature block.

4. Whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual; and
- B. Required by March 1st of each year, the Chief of Police shall submit a report of the information collected from the preceding calendar year to:
 1. Texas Commission on Law Enforcement
 2. The governing body of the municipality served by the agency.

The report will include:

1. a breakdown of motor vehicle stops resulting in a citation only, an arrest only, or both;
2. the race or ethnicity of the individual detained; and

3. whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual; and
 4. Whether a search was conducted and, if so,
 5. Whether it was a consent search or a probable cause search
- The data collected as a result of the reporting requirements shall not constitute prima facie evidence of racial profiling.

202.08 USE OF MOBILE VIDEO/AUDIO RECORDING EQUIPMENT

- A. The Mansfield Police Department is able to claim a Partial Exemption to Racial Profile Reporting (Tier 1) due to the following;
 1. All cars regularly used for motor vehicle stops are equipped with video camera and transmitter-activated equipment; and
 2. Each officer, normally making motor vehicle stops, is equipped with body worn audio/video recording equipment.
- B. The Mansfield Police Department shall retain the video and audio or audio documentation of each motor vehicle stop for at least two years plus 31 days after the date of the stop. These recordings are stored using in-house computer servers that are secured in the police IT area and archives saved to blu-ray disc for retrieval after memory in the servers becomes limited. The discs are stored in the secured police records area of the Department. (TBP 12.08)
- C. If a complaint is filed with this department alleging that a peace officer employed by the department has engaged in racial profiling with respect to a motor vehicle stop, the department shall retain the video and audio or audio record of the stop until final disposition of the complaint.
- D. Police supervisors in Divisions having police vehicles equipped with MVR equipment used to record motor vehicles stops will ensure officers of their Division are recording these stops. An MVR recording of each officer operating such a vehicle will be reviewed at least three times quarterly by their immediate supervisor. If there is less than three such recordings, then the supervisor will review all available MVR recordings during that period. *This does not replace the requirement to review Body Camera footage noted in General Orders PD503.10.* A log will be maintained reflecting the review of each recording and maintained by the affected Division Captains. The following information will be captured on the log:
 1. Date/Time the review conducted
 2. Supervisor conducting the review
 3. Officer being reviewed
 4. Date/Time of the motor vehicle stop(s) being reviewed

5. Number of motor vehicle stops reviewed
6. Findings related to the review

E. If the equipment used to record audio and/or video of a motor vehicle stop is malfunctioning or otherwise not operable, the officer shall report the malfunction to his/her supervisor without delay.

EFFECTIVE:



**Tracy Aaron
Chief of Police**

Contact Information

For additional questions regarding the information presented in this report, please contact:

Del Carmen Consulting, LLC


817.681.7840

www.texasracialprofiling.com

www.delcarmenconsulting.com

Disclaimer: The author of this report, Alejandro del Carmen/del Carmen Consulting, LLC, is not liable for any omissions or errors committed in the acquisition, analysis, or creation of this report. Further, Dr. del Carmen/del Carmen Consulting is not responsible for the inappropriate use and distribution of information contained in this report. Further, no liability shall be incurred as a result of any harm that may be caused to individuals and/or organizations as a result of the information contained in this report.

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A photograph of a man with glasses and a blue suit speaking at a wooden podium. A laptop is open on the podium to his left. The background is dark.

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CITY OF MANSFIELD

1200 E. Broad St.
Mansfield, TX 76063
mansfieldtexas.gov

STAFF REPORT

File Number: 21-3938

Agenda Date: 2/8/2021

Version: 1

Status: Consent

In Control: City Council

File Type: Resolution

Agenda Number:

Title

Resolution - A Resolution Authorizing the City Manager and the Police Department to Make Application, Receive, and Expend Grant Funding from The Criminal Justice Department (CJD) of the Governor's Office of the State of Texas to Upgrade the In-Car Video Equipment of the Following Police Divisions: Patrol, Traffic, Commercial Vehicle Enforcement, and Community Resource

Requested Action

Approval of Resolution

Recommendation

Approval of Resolution

Description/History

The goal of the Criminal Justice Department (CJD) is to provide needed funding to improve public safety and support victims of crime by filling system gaps and promoting innovative solutions to common problems. The purpose of this program is to promote public safety, reduce crime, and improve the criminal justice system. CJD is accepting applications for the purpose of hiring personnel or purchasing much needed department equipment. It is anticipated that up to \$12 million may be funded under this grant. CJD funds are made available through a Congressional appropriation to the US Department of Justice and are subject to the availability of appropriated funds and modifications or additional requirements that may be imposed by law.

Justification

N/A

Funding Source

Reimbursement by the Justice Assistance Grant Program of the State of Texas through the Governor's Office

Prepared By

Tracy Aaron, Chief of Police

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE CITY MANAGER AND THE POLICE DEPARTMENT TO MAKE APPLICATION, RECEIVE, AND EXPEND GRANT FUNDING FROM THE JUSTICE ASSISTANCE GRANT (JAG) OF THE GOVERNOR'S OFFICE OF TEXAS TO UPGRADE THE IN-CAR VIDEO EQUIPMENT OF POLICE DEPARTMENT UNITS. THE AMOUNT OF THE AWARD WILL NOT EXCEED \$176,610 AND DOES NOT REQUIRE A MATCH

WHEREAS, the City of Mansfield and the police department is a unit of local government that meets the criteria established by the JAG and the State of Texas to apply for and receive grant funds under this program; and,

WHEREAS, the City of Mansfield and the police department is seeking an amount not to exceed \$135,600 in grant program funding with no match required; and,

WHEREAS, the City of Mansfield and the police department agrees to comply with all program rules as set out in the grant program guidelines; and,

WHEREAS, the City of Mansfield agrees that in the event of loss or misuse of the Justice Assistance grant Program funds, the City of Mansfield assures that the funds will be returned to the Justice Assistance Grant Program in full; and,

WHEREAS, the City of Mansfield designates Joe Smolinski (City Manager) as the grantee's authorized official. The authorized official is given the power to apply for, accept, reject, alter or terminate the grant on behalf of the applicant agency; and,

WHEREAS, the City Council desires to ratify and authorize the City Manager and the police department to make application, receive and expend the above mentioned grant allocation, if awarded.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF MANSFIELD, TEXAS, THAT:

SECTION 1.

1. The City Manager or designee is authorized to execute all documents and make application for obtaining state funds from JAG through the State of Texas in FY22 to be used to upgrade the in-car video equipment of department vehicles.
2. The City Manager or designee is authorized to receive and expend the grant funding, if awarded, by the State of Texas for this grant program.

PASSED AND APPROVED THIS 8TH DAY OF FEBRUARY, 2021.

Michael Evans, Mayor

ATTEST:

Susanna Marin, City Secretary



CITY OF MANSFIELD

1200 E. Broad St.
Mansfield, TX 76063
mansfieldtexas.gov

STAFF REPORT

File Number: 21-3946

Agenda Date: 2/8/2021

Version: 1

Status: Consent

In Control: City Council

File Type: Resolution

Agenda Number:

Title

Resolution - A Resolution by the City Council of the City of Mansfield, Texas Authorizing the City Manager to enter into an Interlocal Agreement with the City of Midlothian for the Purpose of Cooperative Purchase of Goods, Products and/or Services

Requested Action

City Council to approve an interlocal agreement with the City of Midlothian for the purpose of cooperative purchase of goods, products, and/or services.

Recommendation

Approval of the Interlocal Agreement

Description/History

The City of Mansfield and the City of Midlothian wish to enter into this agreement pursuant to Chapter 791 of the Texas Government Code which is referred to as the Interlocal Cooperation Act. The standard agreement sets forth the terms and conditions upon which the City of Mansfield and the City of Midlothian may purchase various goods and services commonly utilized by each party.

Justification

Participation in an interlocal agreement will be highly beneficial to the taxpayers of the City of Mansfield through the anticipated savings to be realized and is of mutual concern to the contracting parties. The main focus of this interlocal agreement will be the purchase of emergency medical supplies for the Fire Department. Several municipalities will join together in order to increase the buying power for emergency medical supplies.

Funding Source

N/A

Prepared By

Troy Lestina, Director of Finance; 817-276-4258

RESOLUTION NO. _____**A RESOLUTION OF THE CITY OF MANSFIELD, TEXAS AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERLOCAL AGREEMENT WITH THE CITY OF MIDLOTHIAN FOR THE PURPOSE OF COOPERATIVE PURCHASE OF GOODS, PRODUCTS AND/OR SERVICES**

WHEREAS, the City of Mansfield and the City of Midlothian are both governmental entities engaged in the purchase of goods and services, which is a recognized governmental function and,

WHEREAS, the governing officials of member cities, political subdivisions of the State of Texas, desire for each member the benefits of cooperative purchasing of goods, products and/or services; and

WHEREAS, the City of Midlothian and the City of Mansfield wish to enter into this Agreement pursuant to Chapter 791 of the Texas Government Code (hereinafter "Interlocal Cooperation Act" to set forth terms and conditions upon which the City of Midlothian and the City of Mansfield may purchase various goods and services commonly utilized by each party; and

WHEREAS, participation in an interlocal agreement will be highly beneficial to the taxpayers of the City of Mansfield through the anticipated savings to be realized and is of mutual concern to the contracting parties; and

WHEREAS, the City of Mansfield has current funds available to satisfy any fees owed pursuant to this agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MANSFIELD, TEXAS:

SECTION 1.

The City of Mansfield does hereby agree to participate in an interlocal agreement for the purpose of cooperative purchasing of goods, products and/or services with the City of Midlothian.

SECTION 2.

This Resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Mansfield, and it is accordingly so resolved.

SECTION 3.

The City Council authorizes the City Manager to enter into an Interlocal Agreement for the purpose of cooperative purchasing of goods, products and/or services as provided in this agreement.

The City Council authorizes the City Manager to enter into an Interlocal Agreement for the purpose of cooperative purchasing of goods, products and/or services as provided in this agreement.

PASSED AND APPROVED THIS 8TH DAY OF FEBRUARY, 2021

Michael Evans, Mayor

ATTEST:

Susana Marin, City Secretary

STATE OF TEXAS §
COUNTY OF TARRANT §

INTERLOCAL COOPERATION AGREEMENT

This Interlocal Cooperation Agreement (“**Agreement**”) is by and between the City of Midlothian, Texas (“**Midlothian**”), and the City of Mansfield, Texas (“**Mansfield**”), acting by and through their authorized officers.

RECITALS:

WHEREAS, this Agreement is authorized by Chapter 791 of the Texas Government Code and Subchapter F, Chapter 271, Texas Local Government Code; and

WHEREAS, Section 271.102 of the TEX. LOC. GOV'T CODE authorizes a local government to participate in a Cooperative Purchasing Program with another local government or a local cooperative organization; and

WHEREAS, a local government that purchases goods and services pursuant to a Cooperative Purchasing Program with another local government satisfies the requirement of the local government to seek competitive bids for the purchase of the goods and materials; and

WHEREAS, each party has and will on an annual basis obtain competitive bids for the purchase of goods and services; and

WHEREAS, the parties desire to enter into a cooperative purchasing program, which will allow each party to purchase goods and services under each other's competitively bid contracts pursuant to Subchapter F, Chapter 271 of the TEX. LOC. GOV'T CODE;

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

ARTICLE I PURPOSE

The purpose of this Agreement is to establish a cooperative purchasing program between the parties, which will allow each party to purchase goods and services under each other's competitively bid contracts pursuant to Subchapter F, Chapter 271 of the TEX. LOC. GOV'T CODE.

ARTICLE II

TERM

The term of this Agreement shall be for a period of one (1) year commencing on the last date of execution hereof (“Effective Date”). Thereafter this Agreement shall automatically renew for successive periods of one (1) year each under the terms and conditions stated herein, unless sooner terminated as provided herein.

ARTICLE III TERMINATION

Either party may terminate this Agreement by providing thirty (30) days prior written notice to the other party.

ARTICLE IV PURCHASING

The City Manager or designee for each party is authorized to act on behalf of the respective party in all matters relating to this cooperative purchasing program. Each party shall make payments to the other party or directly to the vendor under the contract made pursuant to Subchapter F, Chapter 271 of the TEX. LOC. GOV'T CODE. Each party shall be responsible for the respective vendor's compliance with provisions relating to the quality of items and terms of delivery.

ARTICLE V MISCELLANEOUS

- 5.1 **Relationship of Parties:** This Agreement is not intended to create, nor should it be construed as creating, a partnership, association, joint venture or trust.
- 5.2 **Notice:** Any notice required or permitted to be delivered hereunder shall be deemed received when sent in the United States Mail, Postage Prepaid, Certified Mail, Return Receipt Requested, or by hand-delivery or facsimile transmission addressed to the respective party at the address set forth below the signature of the party.
- 5.3 **Amendment:** This Agreement may be amended by the mutual written agreement of both parties hereto.
- 5.4 **Severability:** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect the other provisions, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.
- 5.5 **Governing Law:** The validity of this Agreement and any of its terms and provisions as well as the rights and duties of the parties shall be governed by the laws of the State of Texas; and venue for any action concerning this Agreement shall be in the State District Court of Johnson, Texas.
- 5.6 **Entire Agreement:** This Agreement represents the entire agreement among the parties with respect to the subject matter covered by this Agreement. There is no other collateral, oral or written agreement between the parties that in any manner relates to the subject matter of this Agreement.
- 5.7 **Recitals:** The recitals to this Agreement are incorporated herein.
- 5.8 **Counterparts:** This Agreement may be executed in any number of counterparts, each of whom shall be deemed an original and constitute one and the same instrument.

EXECUTED this ____ day of _____, 2021.

CITY OF MIDLOTHIAN, TEXAS

By: _____
Chris Dick, City Manager

ATTEST:

By: _____
Tammy Varner, City Secretary

EXECUTED this ____ day of _____, 2021.

CITY OF MANSFIELD, TEXAS

By: _____
Joe Smolinski, City Manager

ATTEST:

By: _____
Susana Marin, City Secretary



CITY OF MANSFIELD

1200 E. Broad St.
Mansfield, TX 76063
mansfieldtexas.gov

STAFF REPORT

File Number: 21-3939

Agenda Date: 2/8/2021

Version: 1

Status: Approval of Minutes

In Control: City Council

File Type: Meeting Minutes

Agenda Number:

Title

Minutes - Approval of the January 25, 2021 Regular City Council Meeting Minutes

Requested Action

Action to be taken by the Council to approve the minutes.

Recommendation

Approval of the minutes by the Council.

Description/History

The minutes of the January 25, 2021 Regular City Council Meeting are in DRAFT form and will not become effective until approved by the Council at this meeting.

Justification

Permanent Record

Funding Source

N/A

Prepared By

Susana Marin, TRMC, City Secretary
817-276-4203



CITY OF MANSFIELD

1200 E. Broad St.
Mansfield, TX 76063
mansfieldtexas.gov

Meeting Minutes - Draft

City Council

Monday, January 25, 2021

4:00 PM

Council Chambers

REGULAR MEETING AMENDED AGENDA

4:00 P.M. - CALL MEETING TO ORDER

Mayor Evans called the meeting to order at 4:01 p.m.

Mayor Evans advised the public they could participate during the meeting by registering through the link provided on the posted agenda or by phone. He also advised the public could address the Council by submitting an online speaker card through the city's website or by direct email to City Secretary Susana Marin.

Present 7 - Larry Broseh; Julie Short; Mike Leyman; Casey Lewis; Todd Tonore; Michael Evans and Tamera Bounds

WORKSESSION

Republic - Garbage and Recycling Reroutes

Environmental Manager Howard Redfearn made brief comments and introduced Republic Services representative Alex Reveles, who gave a presentation regarding the proposed trash and recycling reroute and answered Council questions. Republic Services representative Vince Hrabal answered Council questions. Howard gave a presentation regarding the reroute communication channels. After brief discussion, there was Council consensus to move forward with the reroute.

Discussion Regarding Council Sub-Committees

The Council discussed all Sub-Committees to determine if any had served their purpose and could be furloughed. It was decided the Budget Sub-Committee would be adapted to focus on reviewing city programs, the Code Enforcement Sub-Committee and Employee Benefits Sub-Committee would be shelved, the Housing Market Growth Strategy Sub-Committee and Local Transportation Sub-Committee would be revived, and the Revitalization of Historic Downtown Mansfield Sub-Committee, the Hotel/Motel Occupancy Tax Funds Policy and Allocation Sub-Committee, and the Public Memorials Sub-Committee would remain as they currently are.

RECESS INTO EXECUTIVE SESSION

In accordance with the Texas Government Code, Chapter 551, Mayor Evans recessed the meeting into executive session at 5:32 p.m. Mayor Evans called the executive session to order in the Council Conference Room at 5:44 p.m. Mayor Evans adjourned executive session at 6:53 p.m.

Pending or Contemplated Litigation or to Seek the Advice of the City Attorney Pursuant to Section 551.071

Seek Advice of City Attorney Regarding Pending Litigation - Cause No. 348-270155-14

Seek Advice of City Attorney Regarding Legal Duties, Responsibilities, and Authority of Elected Officials

Seek Advice of City Attorney Regarding City Owned Public/Private Partnership Agreements

Seek Advice of City Attorney Regarding Project #19-06 (Addendum to Agenda)

Discussion Regarding Possible Purchase, Exchange, Lease, or Value of Real Property Pursuant to Section 551.072**Personnel Matters Pursuant to Section 551.074**

Deliberation Regarding Commercial or Financial Information Received From or the Offer of a Financial or Other Incentive Made to a Business Prospect Seeking to Locate, Stay or Expand in or Near the Territory of the City and with which the City is Conducting Economic Development Negotiations Pursuant to Section 551.087

6:50 P.M. – COUNCIL BREAK PRIOR TO REGULAR BUSINESS SESSION**7:00 PM OR IMMEDIATELY FOLLOWING EXECUTIVE SESSION - RECONVENE INTO REGULAR BUSINESS SESSION**

Mayor Evans reconvened into regular business session at 7:05 p.m.

INVOCATION

North Elevation Church Pastor Richelle Smithee gave the Invocation.

PLEDGE OF ALLEGIANCE

Council Member Lewis led the Pledge of Allegiance.

TEXAS PLEDGE

"Honor the Texas Flag; I Pledge Allegiance to Thee, Texas, One State Under God; One and Indivisible"

Council Member Lewis led the Texas Pledge.

CITIZEN COMMENTS

Amy Ryan - 110 N Main Street - Ms. Ryan stated the Feed the Need Food Drive, which benefits the Mansfield Mission Center, began January 25, 2021 and will run through February 7, 2021. Ms. Ryan invited Council Members to participate in a competition to collect items for the Food Drive at local businesses on February 6, 2021 from 12 p.m. to 3 p.m.

Jerry Sweeney - 1726 Wren Drive - Mr. Sweeney spoke regarding his water bill, property taxes, and vehicles parked on streets.

Demetria Bivens - 802 Sterling Trace Drive - Ms. Bivens spoke regarding a request for a minority women owned business resolution.

Mayor Evans read the following online citizen comment:

Susana Armenta - 900 Hilton Drive - Ms. Armenta asked the Council to act upon the request to make contracts and other services available to women and minority owned businesses.

COUNCIL ANNOUNCEMENTS

Mayor Pro Tem Leyman had no announcements.

Council Member Short stated she appreciated the downtown businesses getting together to raise funds for the Mansfield Mission Center and she looks forward to the competition.

Council Member Lewis advised Mr. Sweeney he should talk to Director of Utilities Jeff Price regarding his water bill, Code Enforcement regarding the vehicles parked on streets, and addressed Ms. Bivens' comment.

Council Member Tonore had no announcements.

Council Member Bounds stated she thinks the Feed the Need Food Drive is awesome and challenged City departments to participate.

Council Member Broseh had no announcements.

Mayor Evans stated he is happy to be here.

SUB-COMMITTEE REPORTS**[21-3930](#)**

Minutes - Approval of the January 12, 2021 Public Memorials Sub-Committee Meeting Minutes

Mayor Pro Tem Leyman presented a report on the January 12, 2021 Public Memorials Sub-Committee meeting.

A motion was made by Mayor Pro Tem Leyman to approve the minutes of the January 12, 2021 Public Memorials Sub-Committee Meeting as presented. Seconded by Council Member Tonore. The motion CARRIED by the following vote:

Aye: 3 - Larry Broseh;Mike Leyman and Todd Tonore

Nay: 0

Abstain: 0

Non-Voting: 4 - Julie Short;Casey Lewis;Michael Evans and Tamera Bounds

STAFF COMMENTS

City Manager Report or Authorized Representative

Current/Future Agenda Items

Tarrant County Public Health Covid 19 Update - Theresa Cohagen and Matt Young

Director of the Convention and Visitors Bureau Theresa Cohagen provided an update on the various communication avenues staff has provided regarding registration for the COVID-19 vaccine.

Presentation of Stormwater Annual Report - Howard Redfearn

Howard Redfearn presented the Stormwater Annual Report.

TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION

Council Member Lewis made a motion to direct staff to draw up documents for Project 19-06 and present to Council in the future. Seconded by Council Member Short. The motion CARRIED by the following vote:

Aye: 7 - Larry Broseh;Julie Short;Mike Leyman;Casey Lewis;Todd Tonore;Michael Evans and Tamera Bounds

Nay: 0

Abstain: 0

CONSENT AGENDA

[21-3928](#)

Minutes - Approval of the January 11, 2021 Regular City Council Meeting Minutes

A motion was made by Council Member Broseh to approve the minutes of the January 11, 2021 Regular City Council Meeting as presented. Seconded by Council Member Lewis. The motion CARRIED by the following vote:

Aye: 7 - Larry Broseh;Julie Short;Mike Leyman;Casey Lewis;Todd Tonore;Michael Evans and Tamera Bounds

Nay: 0

Abstain: 0

ITEMS TO BE REMOVED FROM THE CONSENT AGENDA[21-3934](#)

Resolution - A Resolution of the City of Mansfield, Texas, Calling for a General Election to be Held on May 1, 2021; Designating Polling Places; Establishing Election Precincts Within the City; Establishing Other Procedures for Conducting the Election; Establishing a Date for Canvassing Returns; Establishing a Date for Runoff Election, if Necessary; and Providing an Effective Date

Council Member Lewis removed this item from the agenda. City Secretary Susana Marin answered Council questions.

A motion was made by Council Member Lewis to approve the following resolution:

A RESOLUTION OF THE CITY OF MANSFIELD ("CITY"), TEXAS, CALLING FOR A GENERAL ELECTION TO BE HELD ON MAY 1, 2021; ESTABLISHING PROCEDURES FOR CONDUCT OF THE ELECTION; ESTABLISHING ELECTION PRECINCTS WITHIN THE CITY; ESTABLISHING POLLING PLACES; ESTABLISHING A DATE FOR CANVASSING RETURNS; ESTABLISHING A DATE FOR RUNOFF ELECTION, IF NECESSARY; AND PROVIDING AN EFFECTIVE DATE

(Resolution in its entirety located in the City Secretary's Office)

Seconded by Council Member Broseh. The motion CARRIED by the following vote:

Aye: 7 - Larry Broseh; Julie Short; Mike Leyman; Casey Lewis; Todd Tonore; Michael Evans and Tamera Bounds

Nay: 0

Abstain: 0

Enactment No: RE-3721-21

[21-3935](#)

Resolution - A Resolution Awarding a Contract for Trinity River Authority for Industrial Sampling and Analytical Services

Council Member Short removed this item from the agenda. Director of Utilities Jeff Price answered Council questions.

A motion was made by Council Member Short to approve the following resolution:

A RESOLUTION AUTHORIZING A CONTRACT WITH THE TRINITY RIVER AUTHORITY FOR INDUSTRIAL SAMPLING, INSPECTIONS, AND ANALYTICAL SERVICES

(Resolution in its entirety located in the City Secretary's Office)

Seconded by Council Member Tonore. The motion CARRIED by the following vote:

Aye: 7 - Larry Broseh; Julie Short; Mike Leyman; Casey Lewis; Todd Tonore; Michael Evans and Tamera Bounds

Nay: 0

Abstain: 0

Enactment No: RE-3722-21

END OF CONSENT AGENDA

PUBLIC HEARING

20-3919

Ordinance - Public Hearing and Consideration of an Ordinance Setting Forth the Standards of Care for the Recreation Department's Kids Zone Program for the City of Mansfield; Providing for the Operational Standards of the Administration for the Program; Providing for the Inspecting, Monitoring, and Enforcement of the Standards of Care; Providing for the Staffing Levels, Training and Responsibilities for Those Working in the Program, Providing for Facility Standards; Providing for a Cumulative Clause; Providing for a Severability Clause; Providing for an Effective Date

Recreation Superintendent Andy Binz made a brief presentation. Mayor Evans opened the public hearing at 7:54 p.m. With no one wishing to speak, Mayor Evans closed the public hearing at 7:54 p.m.

A motion was made by Council Member Lewis to approve the following ordinance:

AN ORDINANCE OF THE CITY OF MANSFIELD, TEXAS, SETTING FORTH THE STANDARDS OF CARE FOR THE RECREATION DEPARTMENT'S KIDS ZONE PROGRAM FOR THE CITY OF MANSFIELD; PROVIDING FOR THE OPERATIONAL STANDARDS OF THE ADMINISTRATION FOR THE PROGRAM; PROVIDING FOR THE INSPECTING, MONITORING, AND ENFORCEMENT OF THE STANDARDS OF CARE; PROVIDING FOR THE STAFFING LEVELS, TRAINING AND RESPONSIBILITIES FOR THOSE WORKING IN THE PROGRAM; PROVIDING FOR FACILITY STANDARDS; PROVIDING FOR A CUMULATIVE CLAUSE; PROVIDING FOR A SEVERABILITY CLAUSE; PROVIDING FOR AN EFFECTIVE DATE

(Ordinance in its entirety located in the City Secretary's Office)

Seconded by Council Member Broseh. The motion CARRIED by the following vote:

Aye: 7 - Larry Broseh; Julie Short; Mike Leyman; Casey Lewis; Todd Tonore; Michael Evans and Tamera Bounds

Nay: 0

Abstain: 0

Enactment No: OR-2198-21

21-3931

Public Hearing and Consideration of a Request for a Specific Use Permit for a Car Wash on Approximately 0.72 Acres Known as Lot 3, Block 1, Racetrac Addition, Located at 3211 E. Broad St.; John Huffman of Broad Street

Investments, LLC (SUP#20-020)

Director of Planning Matt Jones made a brief presentation and answered Council questions. Applicant John Huffman answered Council questions. Mayor Evans opened the public hearing at 8:12 p.m. With no one wishing to speak, Mayor Evans closed the public hearing at 8:12 p.m.

A motion was made by Council Member Lewis to approve the request for the specific use permit with the applicant making sure the landscaping matches the City's zoning ordinance. Seconded by Council Member Bounds. The motion CARRIED by the following vote:

Aye: 7 - Larry Broseh; Julie Short; Mike Leyman; Casey Lewis; Todd Tonore; Michael Evans and Tamera Bounds

Nay: 0

Abstain: 0

PUBLIC HEARING CONTINUATION AND SECOND READING

[20-3917](#)

Ordinance - Public Hearing and Second and Final Reading of an Ordinance Approving a Change of Zoning from SF-7.5/16 Single-Family Residential District to PD Planned Development District for Professional and Medical Office, Retail, Personal Service, Artist Studio, and Eating Place without Drive-Thru Service Uses on Approximately 0.46 acres Known as Lots 3 & 8, Block 4, Original Town of Mansfield, Located at 105 N 1st Ave.; Matthew Crocker (ZC#20-015)

Matt Jones made a brief presentation. Mayor Evans continued the public hearing at 8:16 p.m. With no one wishing to speak, Mayor Evans closed the public hearing at 8:16 p.m.

A motion was made by Council Member Short to approve the following ordinance:

AN ORDINANCE OF THE CITY OF MANSFIELD, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF MANSFIELD AS HERETOFORE AMENDED, SO AS TO CHANGE THE ZONING ON THE HEREINAFTER DESCRIBED PROPERTIES TO A PD, PLANNED DEVELOPMENT DISTRICT FOR PROFESSIONAL AND MEDICAL OFFICE, RETAIL, PERSONAL SERVICE, ARTIST/MUSICIAN/PHOTOGRAPHY STUDIO, AND EATING PLACE WITHOUT DRIVE-THRU SERVICE USES, PROVIDING FOR THE REPEAL OF ALL ORDINANCES IN CONFLICT; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A PENALTY OF FINE NOT TO EXCEED THE SUM OF TWO THOUSAND DOLLARS (\$2,000.00) FOR EACH OFFENSE; AND PROVIDING AN EFFECTIVE DATE

(Ordinance in its entirety located in the City Secretary's Office)

Seconded by Mayor Pro Tem Leyman. The motion CARRIED by the following vote:

Aye: 7 - Larry Broseh; Julie Short; Mike Leyman; Casey Lewis; Todd Tonore; Michael Evans and Tamera Bounds

Nay: 0

Abstain: 0

Enactment No: OR-2199-21

NEW BUSINESS

[21-3936](#)

Discussion and Possible Action Regarding The LOT Downtown and City Property

Council Member Lewis made brief comments. Theresa Cohagen gave a brief presentation on the partnership between the City of Mansfield and The LOT Downtown and answered Council questions.

A motion was made by Council Member Lewis to direct staff and the management team to work with the Board of Directors of The Historic Mansfield Performance Park to generate an agreement that would allow the City to participate at a greater level in promoting and performing events at The LOT Downtown and present back to Council at the February 22, 2021 Regular City Council meeting. Seconded by Council Member Short. The motion CARRIED by the following vote:

Aye: 7 - Larry Broseh; Julie Short; Mike Leyman; Casey Lewis; Todd Tonore; Michael Evans and Tamera Bounds

Nay: 0

Abstain: 0

ADJOURN

A motion was made by Council Member Short to adjourn the meeting at 8:25 p.m. Seconded by Council Member Lewis. The motion CARRIED by the following vote:

Aye: 7 - Larry Broseh; Julie Short; Mike Leyman; Casey Lewis; Todd Tonore; Michael Evans and Tamera Bounds

Nay: 0

Abstain: 0

ATTEST: Michael Evans, Mayor

Susana Marin, City Secretary



CITY OF MANSFIELD

1200 E. Broad St.
Mansfield, TX 76063
mansfieldtexas.gov

STAFF REPORT

File Number: 21-3941

Agenda Date: 2/8/2021

Version: 1

Status: First and Final Reading

In Control: City Council

File Type: Ordinance

Agenda Number:

Title

Ordinance - Approval of an Ordinance of the City Council of the City of Mansfield, Texas Authorizing the Issuance and Sale of City of Mansfield, Texas, Waterworks and Sewer System Revenue Bonds, Series 2021; Providing for the Security for and Payment of Said Bonds; Prescribing the Form of Said Bonds; Approving Execution and Delivery of a Deposit Agreement; Approving the Official Statement; Approving an Engagement Letter and Enacting Other Provisions Relating Thereto

Requested Action

Approve the Sale of the Bonds to Refund the Outstanding Bonds for the purpose of refinancing the Bonds for debt service savings.

Recommendation

Staff recommends that the City Council of the City of Mansfield, Texas approve the Sale of the Bonds to refund the outstanding bonds for the purpose of refinancing the bonds for debt service savings.

Description/History

The City has determined that it is economically feasible to issue new bonds to pay off old bonds for debt service savings. The savings will amount to approximately \$1,140,000 or an average annual savings of \$114,000.

The outstanding bonds have a par amount of \$7,810,000, Series 2009 and Series 2011, will be refunded/refinanced with new bonds in the par amount of \$7,425,000. The existing term of the prior debt is not being extended. The estimated average interest rate of the Series 2021 Bonds is 1.34%. The average interest of the existing bonds being refunded is 4.60%.

Interest rates in the Municipal Bond Market have never been lower and because of the lower rates, the City is able to issue new bonds to refund the existing bonds that have higher interest rates. In this refunding, the expected net present value basis savings is over 13%.

Note - amounts are expected and subject to change based on actual results of the sale.

Justification

The City of Mansfield, Texas is creating opportunities for savings by refunding old debt with new debt.

Funding Source

The City Mansfield, Texas as defined by statute or Ordinance - Water/Sewer Fund.

Prepared By

Troy Lestina, Director of Finance, 817-276-4258

ORDINANCE

No. _____

AUTHORIZING THE ISSUANCE OF

CITY OF MANSFIELD, TEXAS,
WATERWORKS AND SEWER SYSTEM
REVENUE REFUNDING BONDS
SERIES 2021

Adopted: February 8, 2021

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AN ORDINANCE OF THE CITY OF MANSFIELD, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF MANSFIELD, TEXAS, WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2021, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____; PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; PRESCRIBING THE FORM OF SAID BONDS; APPROVING EXECUTION AND DELIVERY OF A DEPOSIT AGREEMENT; APPROVING THE OFFICIAL STATEMENT; APPROVING AN ENGAGEMENT LETTER; AND ENACTING OTHER PROVISIONS RELATING THERETO

WHEREAS, the City of Mansfield, Texas (the “City”), has previously issued its waterworks and sewer system revenue bonds payable from and secured by a first and superior lien on and pledge of the Pledged Revenues (as hereinafter defined) of the City’s combined waterworks and sewer system (the “System”); and

WHEREAS, in the respective ordinances authorizing such previously issued waterworks and sewer system revenue bonds, the City reserved the right and option to issue, under certain conditions, additional bonds on a parity as to lien and pledge with such bonds; and

WHEREAS, the City now desires to refund such obligations described on Schedule I hereto (such refunded obligations to be hereinafter referred to as the “Refunded Bonds”); and

WHEREAS, Chapter 1207, Texas Government Code, as amended (“Chapter 1207”) authorizes the City to issue refunding bonds for the purpose of refunding or defeasing the Refunded Bonds in advance of their maturities, and to accomplish such refunding or defeasance by depositing directly with a paying agent for the Refunded Bonds (or other qualified escrow agent), the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, the City desires to authorize the execution of a deposit agreement in order to provide for the deposit of proceeds of the refunding bonds and, to the extent specified pursuant hereto, other lawfully available funds of the City, to pay the redemption price of the Refunded Bonds when due; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the ordinances authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased; and

WHEREAS, the City Council of the City (the “City Council”) hereby finds and determines that the issuance and delivery of the refunding bonds hereinafter authorized is in the public interest and the use of the proceeds in the manner herein specified constitutes a valid public purpose; and

WHEREAS, the City Council hereby finds and determines that the refunding contemplated in this Ordinance will benefit the City by providing a net present value savings of debt service payable by the City in the amount of \$_____ and that such benefit is sufficient consideration for the refunding of the Refunded Bonds; and

WHEREAS, the refunding bonds hereinafter authorized are to be issued and delivered pursuant to Chapter 1207 and in accordance with the general laws of the State of Texas; and

WHEREAS, the City Council has found and determined that it is necessary and in the best interest of the City and its citizens that it authorize by this Ordinance the issuance and delivery of its bonds in a single series at this time; and

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

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MANSFIELD:

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Ordinance, the following terms shall have the meanings specified below:

“Additional Bonds” means additional parity revenue bonds permitted to be issued by Section 9.01.

“Bond” means any of the Bonds.

“Bonds” means the City’s bonds authorized to be issued by Section 3.01 of this Ordinance and designated as “City of Mansfield, Texas, Waterworks and Sewer System Revenue Refunding Bonds, Series 2021.”

“Capital Improvements Plan” means the City’s capital improvements plan that identifies water supply, treatment and distribution facilities and wastewater collection and treatment facilities constituting capital improvements or facility expansions for which impact fees may be assessed, adopted pursuant to Sections 17-87 and 17-88 in Article V of Chapter 17 of the Code of Ordinances of the City, as amended from time to time.

“City” means the City of Mansfield, Texas.

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

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations

promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code, and (d) the Regulations promulgated under the provisions described in (b) and (c).

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

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

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

“EMMA” means the Electronic Municipal Market Access System.

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

“Fiscal Year” or “Year” means the fiscal year used by the City in connection with the operation of the System.

“Fund” or “Funds” means any fund established pursuant to this Ordinance or any ordinance authorizing the issuance of the Previously Issued Bonds and any Additional Bonds.

“Gross Revenues” means all revenues and income of every nature derived or received by the City from the operation and ownership of the System, including impact fees imposed by the City pursuant to Chapter 395, Local Government Code, and Article V of Chapter 17 of the Code of Ordinances of the City, as amended from time to time, to finance capital improvements and facility expansions identified in the Capital Improvements Plan and the interest income from the investment or deposit of money in any special fund created by any of the respective ordinances authorizing the issuance of Previously Issued Bonds, the Bonds and any Additional Bonds.

“Initial Bond” means the initial Bond authorized by Section 3.04(d) of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund previously established by the City and confirmed by Section 8.02.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 1 and August 1 of each year, commencing August 1, 2021.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means all Gross Revenues after deducting therefrom an amount equal to the current expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised by the adoption of appropriate resolutions, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair any obligations payable from the Net Revenues of the System, shall be deducted in determining “Net Revenues.” Payments required to be made by the City for water supply or water facilities, sewer services or sewer facilities, fuel supply, which payments under law constitute operation and maintenance expenses of any part of the System, shall constitute and be regarded as expenses of operation and maintenance of the System. Depreciation and amortization shall not constitute or be regarded as expenses of operation and maintenance of the System.

“Operation and Maintenance Expenses” means the reasonable and proper expenses of operating and maintaining the System, including all salaries, labor, materials, repairs and extensions as are necessary to keep the System in operation or which are necessary to keep the System in operation or which are necessary to meet some physical accident or condition that would otherwise impair the Bonds, the Previously Issued Bonds, and any Additional Bonds shall be included as Operation and Maintenance Expenses.

“Ordinance” means this Ordinance.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.10 hereof.

“Paying Agent/Registrar” means initially U.S. Bank National Association, Dallas, Texas or any successor thereto as provided in this Ordinance.

“Paying Agent/Registrar Agreement” means the Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar relating to the Bonds.

“Pledged Revenues” means (1) the Net Revenues, plus (2) resources which are expected to be available to the City on a regular periodic basis, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which in the future may, at the option of the City, be pledged to the payment of Previously Issued Bonds, the Bonds and any Additional Bonds.

“Previously Issued Bonds” means the outstanding and unpaid revenue bonds of the City designated as Waterworks and Sewer System Revenue Bonds, Series 2009, dated December 1, 2009; Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2011, dated January 15, 2011; Waterworks and Sewer System Revenue Refunding Bonds, Series 2012, dated December 1, 2011; Waterworks and Sewer System Revenue Refunding Bonds, Series

2015, dated December 1, 2014; Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2016, dated December 1, 2015; and Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2016.

“Prior Ordinances” means the respective ordinances that authorized the issuance of the Previously Issued Bonds.

“Purchasers” means the initial purchasers of the Bonds identified in Section 7.01(a).

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

“Refunded Bonds” means the bonds of the City described in Schedule 1 attached hereto.

“Register” means the Register specified in Section 3.06(a) of this Ordinance.

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

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

“Reserve Fund” means the “City of Mansfield Waterworks and Sewer Bonds Reserve Fund,” described in Section 8.03 of this Ordinance.

“Reserve Fund Surety Bond” means while any Previously Issued Bonds issued prior to the City’s Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2016 are outstanding, any surety bond or insurance policy having a rating in the highest respective rating categories by Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, issued to the City for the benefit of the Owners of the Bonds to satisfy any part of the Required Reserve as provided in Section 8.09(c) of this Ordinance. At such time as all of the Previously Issued Bonds issued prior to the City’s Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2016 are no longer outstanding, “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 City for the benefit of the Owners of the Bonds to satisfy any part of the Required Reserve as provided in Section 8.09(c) of this Ordinance.

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

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

“Special Record Date” means the Special Record Date as prescribed in Section 3.03(b).

“Surplus Revenues” means those Net Revenues that are in excess of the amounts required to establish and maintain the funds as provided in this Ordinance.

“System” means (1) the City’s entire existing waterworks and sewer system, together with all future extensions, improvements, enlargements, and additions thereto, and all replacements thereof, and (2) any other related facilities, all or any part of the revenues or income from which, in the future, at the option of the City, in accordance with law, become “Pledged Revenues” as herein defined; provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not mean any water, sewer, or other facilities of any kind which are declared not to be a part of the System, and which are acquired or constructed by the City with the proceeds from the issuance of “Special Facilities Bonds,” which are hereby defined as being special revenue obligations of the City which are not payable from or secured by any Pledged Revenues, but which are secured by and payable from liens on and pledges of any other revenues, sources, or payments, including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities; and such revenues, sources, or payments shall not be considered as or constitute Gross Revenues of the System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such “Special Facilities Bonds.”

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of or interest on the Bonds as the same come due and payable and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

Section 1.02. Other Definitions. The terms “City” and “City Council” shall have the meanings assigned to them in the preamble of this Ordinance.

Section 1.03. Findings. The declarations, determinations and findings declared, made and found in the preambles to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.04. Table of Contents, Titles and Headings. The table of contents, titles and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.05. Interpretation. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(a) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Ordinance.

(b) Article and section references shall mean references to articles and sections of this Ordinance unless otherwise designated.

ARTICLE II

SECURITY FOR THE BONDS

Section 2.01. Pledge. The Bonds herein authorized are “Additional Bonds” described in the Prior Ordinances, and the payment of the principal of, premium, if any, and interest on the Previously Issued Bonds, the Bonds and any Additional Bonds shall be secured by and payable from a lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Funds created by this Ordinance, and any Funds created by any ordinance authorizing the issuance of any Previously Issued Bonds and any Additional Bonds. The Previously Issued Bonds, the Bonds and any Additional Bonds are not and will not be secured by or payable from a mortgage or deed of trust on any real, personal, or mixed properties constituting the System.

Section 2.02. Bonds as Special Obligations. The Bonds are special obligations of the City payable solely from the Pledged Revenues, as described herein, and the Owners thereof shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization. The City’s bonds to be designated the “City of Mansfield, Texas, Waterworks and Sewer System Revenue Refunding Bonds, Series 2021,” are hereby authorized to be issued and delivered in accordance with the laws of the State of Texas, including particularly Chapters 1207, Texas Government Code, as amended, and Section 9.13 of the Charter of the City. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purposes of (i) refunding the Refunded Bonds in order to lower the overall debt service requirements of the City and (iii) paying the costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities and Interest. (a) The Bonds shall be dated February 1, 2021, shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof and shall be numbered separately from one upward or such other designation acceptable to the City and the Paying Agent/Registrar, except the Initial Bond, which shall be numbered T-1.

(b) The Bonds shall mature on August 1 in the years and in the principal amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		

(c) Interest shall accrue and be paid on each Bond respectively until the principal of such Bond shall have been paid or provision for such payment shall have been made, from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rate per annum for each respective maturity specified above. Such interest shall be payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2021, computed on the basis of a 360-day year of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment. (a) The principal of, redemption premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on the Bonds shall be payable to the Owners as shown in the Register at the close of business on the Record Date. However, in the event that interest on the Bonds is not paid on a scheduled Interest Payment Date and remains unpaid for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") shall be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which special payment date shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Bond appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

(c) Interest shall be paid by check, dated as of the Interest Payment Date, and mailed on or before such Interest Payment Date, by first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as such appears in the Register, or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such customary banking arrangement.

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

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

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

Section 3.04. Execution and Registration of Bonds. (a) The Bonds shall be executed on behalf of the City by the Mayor and City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

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

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

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the initial purchaser, or its designee, executed by the Mayor and the City Secretary by their manual or facsimile signature, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchasers or their designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds, in accordance with Section 3.10 hereof.

Section 3.05. Ownership. (a) The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Owner of such Bond for the purpose of making and receiving payment of the principal thereof and redemption premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (subject to the provisions that interest is to be paid to the person in whose name the Bond is registered on the Record Date), and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

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

Section 3.06. Registration, Transfer and Exchange. (a) So long as any Bond remains outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance.

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

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

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

(e) No service charge shall be made to the Owner for the initial registration and any subsequent transfer or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or

other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

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

Section 3.07. Cancellation. All Bonds paid or redeemed before scheduled maturity in accordance with this Ordinance and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance shall be cancelled upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the Securities Exchange Act of 1934.

Section 3.08. Temporary Bonds. (a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

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

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

Section 3.09. Replacement Bonds. (a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence

of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

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

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

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

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

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

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

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

Section 3.10. Book-Entry Only System. (a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof with the ownership of each such Bond registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/ Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in

the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds, for the purpose of all matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

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

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the City or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 3.12. Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption. The Bonds shall be subject to redemption before scheduled maturity only as provided in this Article IV.

Section 4.02. Optional Redemption. (a) The City reserves the option to redeem Bonds having stated maturities on August 1, 2030, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2029 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

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

Section 4.03. [Reserved].

Section 4.04. Partial Redemption. If less than all of the Bonds are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

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

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

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

Section 4.05. Notice of Redemption to Owners. (a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register at the close of business on the business day next preceding the date of mailing of such notice.

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

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

Section 4.06. Payment Upon Redemption. (a) Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

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

Section 4.07. Effect of Redemption. (a) Notice of redemption having been given as provided in Section 4.04 of this Ordinance, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City defaults in the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

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

Section 4.08. Conditional Notice of Redemption.

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

Section 4.09. Lapse of Payment.

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

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar. U.S. Bank National Association, Dallas, Texas is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

Section 5.02. Qualifications. Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 5.03. Maintaining Paying Agent/Registrar. (a) At all times while any Bonds are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance. The Mayor is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar. The signature of the Mayor shall be attested by the City Secretary. The form of the Paying Agent/Registrar Agreement presented at this meeting is hereby approved with such changes as may be approved by bond counsel to the City.

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

Section 5.04. Termination. The City, upon not less than 60 days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination, provided, that such termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 5.05. Notice of Change. Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06. Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 5.07. Delivery of Records to Successor. If a Paying Agent/Registrar is replaced, such Paying Agent, promptly upon the appointment of the successor, will deliver the Register (or

a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally. (a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Ordinance or the Pricing Certificate, and (ii) may have such letters, numbers or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and indorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

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

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

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

Section 6.02. Form of the Bonds. The form of the Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds shall be substantially as follows:

(a) Form of Bonds.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF MANSFIELD, TEXAS
WATERWORKS AND SEWER SYSTEM
REVENUE REFUNDING BOND,
SERIES 2021

INTEREST RATE	MATURITY DATE	CLOSING DATE	CUSIP NUMBER
_____ %	August 1, _____	March __, 2021	_____

The City of Mansfield (the "City"), in the Counties of Tarrant, Johnson and Ellis, State of Texas, for value received, hereby promises to pay to

or registered assigns, but solely from the sources and in the manner hereinafter provided, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provision for such payment shall have been made, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 1 and August 1 of each year, commencing August 1, 2021.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate office in Dallas, Texas, of U.S. Bank National Association, as initial Paying Agent/Registrar (the "Designated Payment/Transfer Office"), or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed on or before such interest payment date, by first class United States mail, postage prepaid, by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar, or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such customary banking arrangement. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth day of the month next preceding such interest payment date. However, in the event

that interest is not paid on a scheduled payment date and remains unpaid for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which date shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized to close and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Bond is dated February 1, 2021 and is one of the series of fully registered bonds specified in its title issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds") issued pursuant to an ordinance adopted by the governing body of the City (the "Ordinance"), for the purposes of (i) refunding certain of the City's revenue bonds payable from the Pledged Revenues of the City's combined waterworks and sewer system for debt service savings and (ii) paying the costs of issuing the Bonds.

The Bonds constitute special obligations of the City and, together with outstanding parity revenue bonds and any additional parity revenue bonds which the City has reserved the right to issue, are payable solely from and equally secured by a first lien on and pledge of the Pledged Revenues (as defined in the Ordinance) of the City's combined waterworks and sewer system (the "System"). The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the System, except with respect to the Pledged Revenues.

The owner hereof shall never have the right to demand payment of this Bond out of any funds raised or to be raised by taxation.

The City expressly reserves the right to issue additional revenue obligations in all things on a parity with the Bonds and the previously issued parity revenue bonds, payable solely from and equally secured by a lien on and pledge of the Pledged Revenues of the System; provided, however, that any and all such additional obligations may be so issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Ordinance to which reference is hereby made for more complete and full particulars.

The City has reserved the option to redeem the Bonds maturing on August 1, 2030, in whole or in part, before their respective scheduled maturity dates, on August 1, 2029, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption

plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption.

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

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

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

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

Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within

45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds to render the same lawful and valid have been properly done and have happened in regular and due time, form and manner as required by law; that the Bonds do not exceed any constitutional or statutory limitation; and that provision has been made for the payment of the principal of and interest on the Bonds by irrevocably pledging the Pledged Revenues of the System, as hereinabove recited.

IN WITNESS WHEREOF, the City has caused this Bond to be duly executed under its official seal.

City Secretary, City of Mansfield, Texas

Mayor, City of Mansfield, Texas

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such Certificate on the Initial Bond is fully executed.

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
OF THE STATE OF TEXAS	§	

I hereby certify that there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond and that this Bond has this day been registered by me.

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

Comptroller of Public Accounts of the
State of Texas

[SEAL]

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

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

CERTIFICATE OF PAYING/AGENT/REGISTRAR

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

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

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

Date: _____

Signature Guaranteed By: _____

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

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

(i) immediately under the name of the Bond, the headings “INTEREST RATE” and “MATURITY DATE” shall both be completed with the words “As shown below” and “CUSIP NO.” shall be deleted;

(ii) in the first paragraph of the Bond, the words “on the Maturity Date specified above” shall be deleted and the following will be inserted: “on August 1 in each of the years, in principal installments, and bearing interest at the per annum rates in accordance with the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
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(Information to be inserted from Section 3.02(b))

(iii) the Initial Bond shall be numbered T-1.

Section 6.03. CUSIP Registration. The City may secure identification numbers through the CUSIP Global Services Bureau managed by Standard & Poor’s Financial Services LLC on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor bond counsel to the City are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04. Legal Opinion. The approving legal opinion of Bracewell LLP, Bond Counsel, may be printed on each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 6.05. Statement of Insurance. If municipal bond guaranty insurance is obtained with respect to the Bonds, the Bonds, including the Initial Bond, may bear an appropriate legend, as provided by the insurer. To the extent permitted by applicable law, the City will comply with all notice and other applicable requirements of the insurer in connection with the issuance of the Bonds, as such requirements may be in effect and transmitted to the City with the insurer’s commitment to issue such insurance.

ARTICLE VII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01. Sale of Bonds, Official Statement.

(a) The Bonds, having been duly advertised and offered for sale at competitive bid, are hereby officially sold and awarded to _____ (the “Purchaser”) for a purchase price equal to the principal amount thereof plus a cash premium of \$_____, being the bid which produced the lowest true interest cost to the City. The Initial Bond shall be registered in the name of the Purchaser or its designee.

(b) The form and substance of the Preliminary Official Statement for the Bonds and any addenda, supplement or amendment thereto, presented to and considered at this meeting are hereby in all respects approved. The City Manager and Director of Business Services are each authorized to complete the Preliminary Official Statement with such modifications, completions, changes and supplements, as those persons shall approve or authorize for the purpose of preparing and determining and to certify or otherwise represent that the revised Preliminary Official Statement is a “deemed final” official statement as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The use and distribution of the revised Preliminary Official Statement in the public offering of the Bonds by the Purchasers is hereby authorized. The City Manager, Director of Business Services, Mayor and the City Secretary of the City are hereby authorized and directed to use and distribute or authorize the use and distribution of the final Official Statement and any addenda, supplement or amendment thereto (the “Official Statement”) and to execute the same and deliver appropriate numbers of executed copies thereof to the Purchasers of the Bonds. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the City Manager, Director of Business Services, Mayor of the City and the Purchasers, may be used by the Purchasers in the public offering and sale thereof. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting.

(c) All officers of the City are authorized to execute such documents, certificates and receipts as they may deem appropriate in order to consummate the delivery of the Bonds in accordance with the terms of sale therefor. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the City is hereby authorized and directed to issue a check of the City payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount to be the lesser of (i) 1/10th of 1% of the principal amount of the Bonds or (ii) \$9,500).

(d) The obligation of the Purchasers to accept delivery of the Bonds is subject to the Purchasers being furnished with the final, approving opinion of Bracewell LLP, Bond Counsel for the City, which opinion shall be dated and delivered the Closing Date. The Mayor is hereby authorized and directed to execute the engagement letter with Bracewell LLP, setting forth such firm’s duties as Bond Counsel for the City, and such engagement letter and the terms thereof in the form presented at this meeting is hereby approved and accepted.

Section 7.02. Control and Delivery of Bonds. (a) The Mayor of the City is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

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

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

Section 7.03. Deposit of Proceeds.

(a) Proceeds of the Bonds in the amount of \$_____, representing principal in the amount of \$_____ plus premium generated on the Bonds in the amount of \$_____, shall be applied to refund the Refunded Bonds, and, to the extent not otherwise provided for, to pay all expenses arising in connection with the establishment of refunding of the Refunded Bonds.

(b) Premium generated on the Bonds in the amount of \$_____ shall be used to pay costs of issuance on the Bonds. All amounts remaining after payment of the costs of issuance shall be deposited to the Interest and Sinking Fund.

ARTICLE VIII

FUNDS AND ACCOUNTS

Section 8.01. System Fund. There is hereby confirmed the establishment and maintenance on the books of the City, accounted for separate and apart from all other funds of the City, a special fund entitled “City of Mansfield Waterworks and Sewer System Fund” (the “System Fund”). All Gross Revenues shall be credited to the System Fund immediately upon receipt. All current expenses of operation and maintenance of the System shall be paid from such Gross Revenues credited to the System Fund as a first charge against same. Before making any deposits required to be made from the System Fund, the City shall retain in the System Fund at all times an amount at least equal to one-sixth of the amount budgeted for the then current fiscal year for the current operation and maintenance expenses of the System.

Section 8.02. Interest and Sinking Fund. For the sole purpose of paying the principal of and interest on the Previously Issued Bonds, the Bonds and any Additional Bonds, there is hereby confirmed the establishment on the books of the City, accounted for separate and apart from all other funds of the City, a separate fund entitled the “City of Mansfield Waterworks and Sewer System Revenue Bonds Interest and Sinking Fund” (the “Interest and Sinking Fund”).

Section 8.03. Reserve Fund. There is hereby confirmed the establishment at the City’s depository bank of a separate fund to be entitled the “City of Mansfield Waterworks and Sewer System Bonds Reserve Fund” (the “Reserve Fund”). The Reserve Fund shall be used to pay the principal of and interest on the Previously Issued Bonds, the Bonds and any Additional Bonds when and to the extent the amounts in the Interest and Sinking Fund available for such payment are insufficient for such purpose, and may be used for the purpose of finally retiring the last of the Previously Issued Bonds, the Bonds and any Additional Bonds. Following the discharge of the Previously Issued Bonds issued prior to the City’s Waterworks and Sewer System Revenue

Refunding Bonds, Series 2021 pursuant to Article XII hereof, money on deposit in the Reserve Fund may be applied to the acquisition of a Reserve Fund Surety Bond.

Section 8.04. Deposits of Pledged Revenues. Pledged Revenues shall be credited to or deposited in the Interest and Sinking Fund, the Reserve Fund and other Funds when and as required by this Ordinance and any ordinance authorizing the issuance of the Previously Issued Bonds and any Additional Bonds.

Section 8.05. Investments. Money in any Fund established pursuant to this Ordinance or any ordinance authorizing the issuance of the Previously Issued Bonds and any Additional Bonds, may, at the option of the City, be placed in time deposits or certificates of deposit secured by obligations of the type hereinafter described, or be invested in direct obligations of the United States of America or obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in obligations of instrumentalities of the United States of America, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that any such investments are authorized investments for the funds of the City and shall be made in such manner as will, in the opinion of the City, permit the money required to be expended from any Fund to be available at the proper time or times as expected to be needed. Such investments (except United States Treasury Obligations--State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value as of the last day of each fiscal year. Unless otherwise set forth herein, all interest and income derived from such deposits and investments immediately shall be credited to, and any losses debited to, the Fund from which the deposit or investment was made, and surpluses in any Fund shall or may be disposed of as hereinafter provided. Such investments shall be sold promptly when necessary to prevent any default in connection with the Previously Issued Bonds, the Bonds and any Additional Bonds consistent with the respective ordinances authorizing their issuance.

Section 8.06. Funds Secured. Money in all Funds created or confirmed by this Ordinance, to the extent not invested, shall be secured in the manner prescribed by law.

Section 8.07. Priority of Deposits and Payments from System Fund. The City shall make all deposits and payments from the Pledged Revenues in the System Fund when and as required by this Ordinance or ordinances authorizing the Previously Issued Bonds and any Additional Bonds and such deposits shall be made in the following manner and with the following irrevocable priorities, respectively:

First, to the Interest and Sinking Fund, when and in the amounts required by this Ordinance, the ordinances authorizing the Previously Issued Bonds and any ordinance authorizing any Additional Bonds; and

Second, to the Reserve Fund, when and in the amounts required by this Ordinance, the ordinances authorizing the Previously Issued Bonds and any ordinance authorizing any Additional Bonds.

Section 8.08. Interest and Sinking Fund Requirements. (a) All amounts representing accrued interest received from the sale and delivery of the Bonds shall be used to pay a portion of the interest next coming due on the Bonds.

(b) In addition to the amounts required by the ordinances authorizing the Previously Issued Bonds and any Additional Bonds, the City shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Sinking Fund the amounts, at the times, as follows:

(1) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter, commencing with the month during which the Bonds are delivered, or the month thereafter if delivery is made after the 25th day thereof, as will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay interest scheduled to accrue and come due on the Bonds on the next succeeding Interest Payment Date; and

(2) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter, commencing with the month during which the Bonds are delivered, or the month thereafter if delivery is made after the 25th day thereof, as will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay principal scheduled to mature and come due on the Bonds on the next succeeding principal payment date.

Section 8.09. Reserve Fund Requirements. (a) The City shall maintain in the Reserve Fund an amount of money and investments equal to the average annual principal and interest requirements of the Previously Issued Bonds, the Bonds and any Additional Bonds then outstanding (the "Required Reserve Amount"). After the delivery of any Additional Bonds, the City shall cause the Reserve Fund to be increased, if and to the extent necessary, so that such Fund will contain an amount of money and investments equal to the Required Reserve Amount. Any increase in the Required Reserve Amount may be funded from Pledged Revenues or from proceeds from the sale of any Additional Bonds, or any other available source or combination of sources. All or any part of the Required Reserve Amount not funded initially and immediately after the delivery of any installment or issue of Additional Bonds shall be funded, within not more than five years from the date of such delivery, by deposits of Pledged Revenues in approximately equal monthly installments on or before the 25th day of each month. Principal amounts of any Previously Issued Bonds and any Additional Bonds which must be redeemed pursuant to any applicable mandatory redemption requirements shall be deemed to be maturing amounts of principal for the purpose of calculating principal and interest requirements on such bonds. When and so long as the amount in the Reserve Fund is not less than the Required Reserve Amount no deposits shall be made to the credit of the Reserve Fund; but when and if the Reserve Fund at any time contains less than the Required Reserve Amount, then the City shall transfer from Pledged Revenues in the System Fund, and deposit to the credit of the Reserve

Fund, monthly on or before the 25th day of each month, a sum equal to 1/60th of the Required Reserve Amount, until the Reserve Fund is restored to the Required Reserve Amount. The City specifically covenants that when and so long as the Reserve Fund contains the Required Reserve Amount, the City shall cause all interest and income derived from the deposit or investment of the Reserve Fund to be deposited to the credit of the System Fund; provided, that interest and income from moneys representing bond proceeds deposited to the Reserve Fund shall only be used for the same purposes for which such bonds were authorized.

(b) On or before the 25th day of each month, commencing the month following initial delivery of the Bonds, the City shall deposit Pledged Revenues in approximately equal monthly installments sufficient to fund, within five years from the Closing Date, the increase, if any, in the Required Reserve Amount resulting from the issuance of the Bonds.

(c) The Reserve Fund may be funded in the amount of the Required Reserve by the deposit of a Reserve Fund Surety Bond sufficient to provide such portion of the Required Reserve. Following such discharge, the City further expressly reserves the right to substitute at any time a Reserve Fund Surety Bond for any funded amounts in the Reserve Fund and to apply the funds thereby released, to the greatest extent permitted by law, to any of the purposes for which the related parity revenue bonds were issued or to pay debt service on the parity revenue bonds. The City shall not employ any Reserve Fund Surety Bond unless (i) the City officially finds that the purchase of such Reserve Fund Surety Bond is cost effective, (ii) the Reserve Fund Surety Bond does not impose upon the City repayment obligations (in the event the Reserve Fund Surety Bond is drawn upon) greater than can be funded from Pledged Revenues on a parity with the deposits that are otherwise required to be made to the Reserve Fund, and (iii) that any interest due in connection with such repayment obligations does not exceed the highest lawful rate of interest which may be paid by the City at the time of delivery of the Reserve Fund Surety Bond.

Section 8.10. Deficiencies; Excess Pledged Revenues. (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund or the Reserve Fund, such deficiency shall be made up as soon as possible from the next available Pledged Revenues.

(b) Subject to making the required deposits to the credit of the various Funds when and as required by this Ordinance or any ordinance authorizing the issuance of Previously Issued Bonds or any Additional Bonds, any surplus Pledged Revenues may be used by the City for any lawful purpose.

ARTICLE IX

ADDITIONAL BONDS

Section 9.01. Additional Bonds. The City shall have the right and power at any time and from time to time, and in one or more series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in accordance with law, in any amounts, for any lawful purpose, including the refunding of any Previously Issued Bonds, the Bonds, Additional Bonds, or other obligations. Such Additional Bonds, if and when

authorized, issued, and delivered in accordance with this Ordinance, shall be payable from and secured by a lien on and pledge of the Pledged Revenues, equally and ratably on a parity in all respects with the Bonds and any outstanding Previously Issued Bonds or Additional Bonds; provided that, Additional Bonds shall be issued only in accordance with this Ordinance and the ordinances authorizing the issuance of the Previously Issued Bonds, and no installment, series, or issue of Additional Bonds shall be issued or delivered unless:

(a) The principal of all Additional Bonds must be scheduled to be paid or mature on February 1 or August 1 (or both) of the years in which such principal is scheduled to be paid or mature.

(b) The Mayor of the City and the City Secretary of the City sign a written certificate to the effect that the City is not in default as to any covenant, condition, or obligation in connection with all then outstanding Previously Issued Bonds, the Bonds, and any Additional Bonds, and the ordinances authorizing same, and that Interest and Sinking Funds and Reserve Funds created by the ordinances authorizing such Previously Issued Bonds, the Bonds, and any Additional Bonds, contain the amounts then required to be therein.

(c) An independent certified public accountant, or independent firm of certified public accountants, acting by and through a certified public accountant, signs a written certificate to the effect that, in his or her or its opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period out of the 18-month period immediately preceding the month in which the ordinance authorizing the issuance of the then proposed Additional Bonds is passed, the Pledged Revenues were at least 1.25 times an amount equal to the average annual principal and interest requirements and 1.10 times the maximum annual principal and interest requirements of all Previously Issued Bonds, the Bonds and any Additional Bonds which are scheduled to be outstanding after the delivery of the then proposed Additional Bonds. It is specifically provided, however, that in calculating the amount of Pledged Revenues for the purposes of this subsection (b), if there has been any increase in the rates or charges for services of the System which is then in effect, but which was not in effect during all or any part of the entire period for which the Pledged Revenues are being calculated (hereinafter referred to as the "entire period") then the certified public accountant, or in lieu of the certified public accountant, a firm of consulting engineers, shall determine and certify the amount of Pledged Revenues as being the total of (i) the actual Pledged Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

(d) Provision shall be made in the ordinance authorizing the issuance of such Additional Bonds for increasing the Reserve Fund to the Required Reserve Amount as required by Section 8.09 hereof with proceeds of the Additional Bonds, or other available source or combination of sources including Pledged Revenues, or both.

(e) All calculations of average annual principal and interest requirements of any bonds or obligations made in connection with the issuance of any then proposed Additional Bonds shall be made as of the date of such Additional Bonds; and also in making calculations for such purpose, and for any other purpose under this Ordinance, principal amounts of any bonds or

obligations which must be redeemed prior to maturity pursuant to any applicable mandatory redemption requirements shall be deemed to be maturing amounts of principal of such bonds or obligations.

ARTICLE X

REPRESENTATIONS AND COVENANTS

Section 10.01. Payment of Bonds and Additional Bonds. Semiannually, on or before each January 25 and July 25 while any of the Previously Issued Bonds, the Bonds and any Additional Bonds are outstanding and unpaid, the City shall make available to the Paying Agent/Registrar therefor, out of the Interest and Sinking Fund, or if necessary, out of the Reserve Fund, money sufficient to pay, on each of such dates, the principal of and interest on the Previously Issued Bonds, the Bonds and any Additional Bonds as the same mature and come due, or to redeem the Previously Issued Bonds, the Bonds and any Additional Bonds prior to maturity, either upon mandatory redemption or at the option of the City. At the direction of the City, the Paying Agent/Registrar shall either deliver cancelled paid Previously Issued Bonds, Bonds and any Additional Bonds to the City or furnish the City with an appropriate certificate of cancellation.

Section 10.02. Rates. The City covenants and agrees with the holders of all the Previously Issued Bonds, the Bonds and any Additional Bonds, if any, as follows:

(a) that it will at all times fix, maintain, charge, and collect for services rendered by the System, rates and charges which will produce Gross Revenues, at least sufficient to pay all expenses of operation and maintenance of the System and to provide an additional amount of Net Revenues to pay promptly all of the principal of and interest on all Previously Issued Bonds, the Bonds and any Additional Bonds, and to make all deposits now or hereafter required to be made into the special funds created by this Ordinance or the ordinance or ordinances authorizing the issuance of Previously Issued Bonds, the Bonds or Additional Bonds, with such amounts being at least equal to 1.1 times the annual principal and interest requirements of all outstanding Previously Issued Bonds, the Bonds and any Additional Bonds; and

(b) that, if the System should become legally liable for any other obligations or indebtedness, the City shall fix, maintain, charge and collect additional rates and charges for services rendered by the System sufficient to establish and maintain funds for the payment thereof.

Section 10.03. General Covenants. The City further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance, and each ordinance authorizing the issuance of the Previously Issued Bonds and Additional Bonds, and in each and every Previously Issued Bond, Bond and Additional Bond; that it will promptly pay or cause to be paid the principal of and interest on every Previously Issued Bond, Bond and Additional Bond, on the dates and in the places and manner prescribed in such ordinances, Previously

Issued Bonds, Bonds and Additional Bonds; and that it will promptly pay or cause to be paid the principal of and interest on every Previously Issued Bond, Bond and Additional Bond, on the dates and in the manner prescribed in such ordinances and Previously Issued Bonds, Bonds and Additional Bonds; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and any holder of the Previously Issued Bonds, the Bonds or Additional Bonds may require the City, its officials, and employees, to carry out, respect, or enforce the covenants and obligations of this Ordinance, or any ordinance authorizing the issuance of Additional Bonds or Previously Issued Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City, its officials, and employees.

(b) Legal Authority. The City is a duly created and existing home rule city of the State of Texas, and is duly authorized under the laws of the State of Texas to create and issue the Previously Issued Bonds, the Bonds and any Additional Bonds; that all action on its part for the creation and issuance of the said obligations has been or will be duly and effectively taken; and said obligations in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the City in accordance with their terms.

(c) Title. The City has or will obtain lawful title to the lands, buildings, structures, and facilities constituting the System, and the City warrants that it will defend the title to all the aforesaid lands, buildings, structures, and facilities, and every part thereof, for the benefit of the holders and owners of the Previously Issued Bonds, the Bonds and Additional Bonds, against the claims and demands of all persons whomsoever, and it is lawfully qualified to pledge the Pledged Revenues to the payment of the Previously Issued Bonds, the Bonds and any Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) Liens. The City will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the System; it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein; and it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, no such tax, assessment, or charge, and no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the City.

(e) Operation of System; No Free Service. While the Previously Issued Bonds, the Bonds or any Additional Bonds are outstanding and unpaid, the City shall continuously and efficiently operate the System, and shall maintain the System, or cause the System to be operated and maintained in good condition, repair, and working order, all at reasonable cost. No free service of the System shall be allowed, and should the City or any of its agencies, instrumentalities, lessors, or concessionaires make use of the services and facilities of the System, payment monthly of the standard retail price of the services provided shall be made by

the City or any of its agencies, instrumentalities, lessors, or concessionaires out of funds from sources other than the revenues of the System, unless made from surplus Pledged Revenues as permitted by Section 8.10(b) hereof.

(f) Further Encumbrance. While the Previously Issued Bonds, the Bonds or any Additional Bonds are outstanding and unpaid, the City shall not additionally encumber the Pledged Revenues in any manner, except as permitted in this Ordinance in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Ordinance and any ordinance authorizing the issuance of Previously Issued Bonds and any Additional Bonds; but the right of the City to issue revenue bonds payable from a subordinate lien on surplus Pledged Revenues is specifically recognized and retained.

(g) Sale or Disposal of Property. While any Previously Issued Bonds, Bonds or Additional Bonds are outstanding and unpaid, the City shall not sell, convey, mortgage, encumber, lease, or in any manner transfer title to, or dedicate to other use, or otherwise dispose of, the System, (except as permitted in paragraph (f) hereof) or any significant or substantial part thereof; provided that whenever the City deems it necessary to dispose of any property, machinery, fixtures, or equipment, or dedicate such property to other use, it may do so either when it has made arrangements to replace the same or provide substitutes therefor, or it is determined by resolution of the City Council that no such replacement or substitute is necessary.

(h) Insurance.

(1) The City shall cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by corporations operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance also shall be carried unless the City Attorney gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. All insurance premiums shall be paid as an expense of operation of the System. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the registered owners of the Bonds and their representatives at all reasonable times. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the City shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the City. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the City for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be deposited

in a special and separate trust fund, at an official depository of the City, to be designated the "Insurance Account." The Insurance Account shall be held until such time as other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required.

(2) The annual audit hereinafter required may contain a section commenting on whether or not the City has complied with the requirements of this Section with respect to the maintenance of insurance, and shall state whether or not all insurance premiums upon the insurance policies to which reference is made have been paid.

(i) Annual Budget. The City shall prepare, prior to the beginning of each fiscal year, an annual budget, in accordance with law, reflecting an estimate of cash receipts and disbursements for the ensuing fiscal year in sufficient detail to indicate the probable Gross Revenues and Pledged Revenues for such fiscal year.

(j) Records. The City shall keep proper books of record and account in which full, true, proper, and correct entries will be made of all dealings, activities, and transactions relating to the System, the Pledged Revenues, and the Funds created pursuant to this Ordinance, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any Owner or citizen of the City. To the extent consistent with the provisions of this Ordinance, the City shall keep its books and records in a manner conforming to standard accounting practices as usually would be followed by private corporations owning and operating a similar System, with appropriate recognition being given to essential differences between municipal and corporate accounting practices.

(k) Audits. After the close of each fiscal year while any of the Previously Issued Bonds, the Bonds or Additional Bonds are outstanding, an audit will be made of the books and accounts relating to the System and the Pledged Revenues by an independent certified public accountant or an independent firm of certified public accountants. As soon as practicable after the close of each such year, and when said audit has been completed and made available to the City, a copy of such audit for the preceding year shall be mailed to the Municipal Advisory Council of Texas, to each paying agent for any bonds payable from Pledged Revenues, to any registered owner of the Bonds who shall so request in writing, and to First Southwest Company. The annual audit reports shall be open to the inspection of the registered owners of the Previously Issued Bonds, the Bonds and any Additional Bonds, and their agents and representatives at all reasonable times.

(l) Governmental Agencies. The City will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorization, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the System.

(m) No Competition. The City will not operate, or grant any franchise or, to the extent it legally may, permit the acquisition, construction, or operation of, any facilities which would be in competition with the System, and to the extent that it legally may, the City will prohibit any such competing facilities.

(n) Impact Fees. None of the impact fees collected pursuant to Chapter 395, Local Government Code, and Article V of Chapter 17 of the Code of Ordinances of the City, as amended from time to time, and pledged herein to the payment of the Previously Issued Bonds, the Bonds and any Additional Bonds will be used or expended for an improvement or expansion not identified in the Capital Improvements Plan. This subsection shall constitute the certification required by Section 395.012(d), Local Government Code.

Section 10.04. Federal Tax Matters.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.01. Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

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

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, which default materially and adversely affects the rights of the Owners, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 30 days after notice of such default is given by any Owner to the City; or

(iii) An order of relief shall be issued by the Bankruptcy Court of the United States District Court having jurisdiction, granting the City any relief under any Applicable Law, or any other court having valid jurisdiction shall issue an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, sequestrator, or other similar official for the City of any substantial part of its property, affairs or assets, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days.

Section 11.02. Remedies for Default. (a) Upon the happening of any Event of Default and except as otherwise provided in Article XI, any Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City

for the purpose of protecting and enforcing the rights of the Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

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

Section 11.03. 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 Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

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

(c) By accepting the delivery of a Bond authorized under this Ordinance, such Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers or employees of the City or members of the City Council.

ARTICLE XII

DISCHARGE

Section 12.01. Discharge. The Bonds may be defeased, discharged or refunded in any manner permitted by applicable law.

ARTICLE XIII

CONTINUING DISCLOSURE UNDERTAKING

Section 13.01. Annual Reports.

(a) The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the City, financial information and operating data with respect to the City of the general type included in the final Official Statement, being information described in the Appendix A as Tables numbered 1 through 12, including financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the City within 12 months after the end of each fiscal year, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles appended to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the City commissions an

audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

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

Section 13.02. Notice of Certain Events.

(a) The City shall provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of the holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material;
- (xv) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (A) any event described in the immediately preceding clause (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets of business of the City, and (B) the City intends the words used in the immediately preceding clauses (xv) and (xvi) in this Section and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

(b) The City shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the City to provide required annual financial information and notices of material events in accordance with Section 13.01 and section (a) above. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information, as prescribed by the MSRB, and will be available via EMMA at www.emma.msrb.org.

Section 13.03. Limitations, Disclaimers and Amendments.

(a) The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give

notice of any deposit made in accordance with Article XI that causes Bonds no longer to be Outstanding.

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

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

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

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

(e) The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 13.01 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

ARTICLE XIV

REDEMPTION OF BONDS; APPROVAL OF DEPOSIT AGREEMENT

Section 14.01. Redemption of Refunded Bonds.

(a) The Refunded Bonds are hereby called for redemption on the dates, in the principal amounts and at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date all as set forth on Schedule I hereto.

(b) The City Secretary is hereby authorized and directed to cause a copy of this Ordinance to be delivered to each paying agent/registrar for the Refunded Bonds the delivery of which shall constitute notice of redemption and notice of defeasance to such paying agent/registrar.

Section 14.02. Approval of Deposit Agreement.

The Deposit Agreement, in substantially the form presented at this meeting, and its execution and delivery by the Mayor is hereby authorized and approved. The Mayor is hereby authorized to execute such Deposit Agreement. The signature of the Mayor shall be attested by the City Secretary.

Section 14.03. Redemption and Payment of Refunded Bonds.

Following the deposit with the paying agent for the Refunded Bonds pursuant to the Deposit Agreement, the Refunded Bonds shall be payable solely from and secured by the cash on deposit pursuant to the Deposit Agreement for the purpose of refunding the Refunded Bonds and shall cease to be payable from Pledged Revenues, firm banking and financial arrangements having been made for the discharge and final payment or redemption of the Refunded Bonds pursuant to Chapter 1207. The Refunded Bonds are hereby called for redemption or payment, as applicable, and shall be paid on their payment dates or redeemed prior to their stated maturities on the redemption dates and at the redemption prices specified in Schedule I attached hereto.

Section 14.04. Notice of Deposit and Redemption.

The City Secretary is hereby authorized and directed to cause to be delivered to the paying agent/registrar for the Refunded Bonds a certified copy of this Ordinance calling the Refunded Bonds for redemption. The delivery of this Ordinance to the paying agent for the Refunded Bonds shall constitute the giving of notice of redemption to the paying agent for the Refunded Bonds and such paying agent is hereby authorized and directed to give notice of redemption to the owners of the Refunded Bonds in accordance with the requirements of the ordinances(s) authorizing the issuance thereof.

ARTICLE XV

MISCELLANEOUS

Section 15.01. Changes to Ordinance.

The Mayor, City Manager and Director of Business Services, in consultation with Bond Counsel, are each hereby authorized to make changes to the terms of this Ordinance if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

Section 15.02. Partial Invalidity.

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

Section 15.03. No Personal Liability.

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

ARTICLE XVI

EFFECTIVE IMMEDIATELY

Section 16.01. Effectiveness. Notwithstanding the provisions of Article III, Section 3.13(c) of the City Charter, this Ordinance shall become effective immediately upon its adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

APPROVED this 8th day of February, 2021.

Mayor, City of Mansfield, Texas

ATTEST:

City Secretary, City of Mansfield, Texas

APPROVED AS TO FORM AND LEGALITY:

City Attorney, City of Mansfield, Texas

EXHIBIT A

DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XIII of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Article are as specified (and included in the Appendix or other headings of the Official Statement referred to) below:

1. The audited financial statements of the City for the most recently concluded fiscal year.
2. Statistical and financial data set forth in Tables 1-12 in the Official Statement.

Accounting Principles

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements set forth in Appendix B to the Official Statement.

SCHEDULE I
SCHEDULE OF REFUNDED BONDS



HTS Continuing Disclosure Services
A Division of Hilltop Securities

(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated February 2, 2021

Ratings:

Moody's: "Aa2"

S&P: "AA+"

Fitch: "AAA"

See "OTHER INFORMATION

– Ratings"

NEW ISSUE - Book-Entry-Only

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

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



\$7,425,000*

CITY OF MANSFIELD, TEXAS

(Tarrant, Johnson and Ellis Counties, Texas)

WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2021

Dated Date: February 1, 2021

Due: August 1, as shown on Page 2

Interest to accrue from Date of Delivery

PAYMENT TERMS . . . Interest on the \$7,425,000* City of Mansfield, Texas, Waterworks and Sewer System Revenue Refunding Bonds, Series 2021 (the "Bonds"), will accrue from the date of delivery to the Initial Purchaser thereof (the "Date of Delivery"), will be payable on February 1 and August 1 of each year commencing August 1, 2021, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System". The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the general laws of the State of Texas (the "State"), particularly Chapter 1207, Texas Government Code, as amended, Section 9.13 of the City's Home Rule Charter and an ordinance (the "Ordinance") adopted by the City Council on February 8, 2021 and, together with outstanding parity revenue bonds (the "Previously Issued Bonds") and any additional parity revenue bonds (the "Additional Bonds"), are special obligations of the City of Mansfield, Texas (the "City"), payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the Pledged Revenues of the City's Waterworks and Sewer System (the "System"). **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding a portion of the City's outstanding System debt (the "Refunded Bonds," see Schedule I, "Schedule of Refunded Bonds") in order to lower the overall debt service requirements of the City and (ii) paying the costs of issuing the Bonds.

CUSIP PREFIX: 564395

MATURITY SCHEDULE & 9 DIGIT CUSIP

See Schedule on Page 2

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

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on March 10, 2021.

BIDS DUE MONDAY, FEBRUARY 8, 2021 AT 10:00 A.M. CST

* Preliminary, subject to change.

CUSIP Prefix: 564395 ⁽¹⁾**MATURITY SCHEDULE***

<u>1-Aug Year</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP Suffix</u>
2021	\$ 1,010,000			
2022	1,085,000			
2023	605,000			
2024	625,000			
2025	640,000			
2026	655,000			
2027	670,000			
2028	690,000			
2029	710,000			
2030	735,000			

(Interest to accrue from the Date of Delivery)

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, 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 City, the Financial Advisor nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION OPTION . . . The City reserves the right, at its option, to redeem Bonds maturing on August 1, 2030, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

* Preliminary, subject to change.

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

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

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the City with respect to the Bonds that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

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

The cover pages contain certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including all tables, schedules and appendices attached hereto, to obtain information essential to making an informed investment decision.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME. NEITHER THE CITY, NOR ITS FINANCIAL ADVISOR MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS OFFICIAL STATEMENT.

THE 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 BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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The cover page hereof, this page, the schedule and 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 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 CITY	The City of Mansfield is a political subdivision and municipal corporation of the State, located in Tarrant, Johnson, and Ellis Counties, Texas. The City covers approximately 38.6 square miles (see "INTRODUCTION - Description of the City").
THE BONDS	The Bonds are issued as \$7,425,000* Waterworks and Sewer System Revenue Refunding Bonds, Series 2021. The Bonds are being issued as serial bonds maturing on August 1 in the years 2021 through 2030 (see "THE BONDS - Description of the Bonds").
PAYMENT OF INTEREST	Interest on the Bonds accrues from the date of delivery to the Initial Purchaser thereof (the "Date of Delivery") and is payable August 1, 2021 and each February 1 and August 1 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS - Optional Redemption").
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to the general laws of the State, including particularly Chapter 1207 Texas Government Code, as amended, Section 9.13 of the City's Home Rule Charter and an Ordinance adopted by the City Council of the City (see "THE BONDS - Authority for Issuance").
SECURITY FOR THE BONDS	The Bonds, together with the previously issued parity bonds (the "Previously Issued Bonds") and any additional bonds (the "Additional Bonds"), constitute special obligations of the City, payable, both as to principal and interest, solely from and secured by a lien on and pledge of the Pledged Revenues of the City's Waterworks and Sewer System (the "System"). The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation (see "THE BONDS - Security and Source of Payment").
QUALIFIED TAX-EXEMPT OBLIGATIONS	The City will not designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions.
REDEMPTION	The City reserves the right, at its option, to redeem Bonds maturing on and after August 1, 2030, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").
TAX EXEMPTION	In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax.
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding a portion of the City's outstanding System debt (the "Refunded Bonds," see Schedule I, "Schedule of Refunded Bonds") in order to lower the overall debt service requirements of the City and (ii) paying the costs of issuing the Bonds.
RATINGS	The Bonds and the presently outstanding System revenue debt of the City are rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"), "AA+" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Service LLC business ("S&P") and "AAA" by Fitch Ratings ("Fitch"), without regard to credit enhancement (see "OTHER INFORMATION - Ratings").
BOOK-ENTRY-ONLY SYSTEM	The definitive 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 Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").
PAYMENT RECORD	The City has never defaulted in payment of its bonds.

* Preliminary, subject to change.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended	Estimated City Population ⁽¹⁾	Water Usage (gallons)			Net Revenue Available For Debt Service	Annual Debt Service Requirements	Coverage of Debt
		Average Day Usage	Peak Day Usage	Total Usage			
30-Sep							
2016	67,628	11,373,000	23,369,000	4,273,509,000	14,077,078	6,081,278	2.31x
2017	68,784	12,256,000	20,975,000	4,480,309,000	15,036,729	6,059,234	2.48x
2018	70,170	13,673,000	26,662,000	4,923,147,000	17,004,947	5,875,009	2.89x
2019	73,410	13,134,000	28,495,000	4,794,009,000	14,914,720	5,586,534	2.67x
2020 ⁽²⁾	75,759	13,900,000	26,659,000	5,073,500,000	20,474,859	4,735,871	4.32x

(1) Source: City Officials.

(2) Unaudited.

For additional information regarding the City, please contact:

Joe Smolinski
Troy Lestina
City of Mansfield
1200 E. Broad Street
Mansfield, Texas 76063
(817) 276-4200

or

Nick Bulaich
Hilltop Securities Inc.
777 Main Street
Suite 1525
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

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Elected	Term Expires	Occupation
Michael Evans Mayor, Place 1	Elected December, 2020	May 2022	Pastor
Tamera Bounds Councilmember Place 2	Elected November, 2020	May 2022	Director, RehabPro
Mike Leyman Councilmember Place 3	Elected May, 2018	May 2021	Retired Police Officer
Casey Lewis Councilmember Place 4	Elected May, 2018	May 2021	Realtor
Julie Short Mayor Por-Tem Place 5	Elected May, 2018	May 2021	Realtor
Todd Tonore Councilmember Place 6	Elected November, 2020	May 2023	CEO
Larry Broseh Councilmember Place 7	Re-elected November, 2020	May 2023	President, Cam Tech Inc.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to City	Total Length of Governmental Service
Joe Smolinski	City Manager	19 Years	19 Years
Shelly Lanners	Deputy City Manager	20 Years	33 Years
Troy Lestina	Finance Director	12 Years	14 Years
Susana Marin	City Secretary	14 Years	18 Years
E. Allen Taylor, Jr.	City Attorney	23 Years	32 Years

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

Auditors	BKD CPAs & Advisors Dallas, Texas
Bond Counsel	Bracewell LLP Dallas, Texas
Financial Advisor	Hilltop Securities Inc. Dallas, Texas

PRELIMINARY OFFICIAL STATEMENT
RELATING TO
\$7,425,000*
CITY OF MANSFIELD, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2021

INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of \$7,425,000* City of Mansfield, Texas, Waterworks and Sewer System Revenue Refunding Bonds, Series 2021 (the "Bonds"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance (the "Ordinance") authorizing the issuance of the Bonds (see "SELECTED PROVISIONS OF THE ORDINANCE").

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

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

DESCRIPTION OF THE 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, health and social services, 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 2020 population is 75,759. The City covers approximately 38.6 square miles.

PLAN OF FINANCING

PURPOSE . . . The Bonds are being issued for the purpose of (i) refunding a portion of the City's outstanding Waterworks and Sewer System debt (the "Refunded Bonds," see Schedule I, "Schedule of Refunded Bonds") in order to lower the overall debt service requirements of the City and (ii) paying the cost of issuing the Bonds.

REFUNDED OBLIGATIONS . . . The principal and interest due on the Refunded Bonds are to be paid on the respective redemption dates of such Refunded Bonds, from funds to be deposited pursuant to a certain Deposit Agreement (the "Deposit Agreement") between the City and BOKF, N.A., Dallas, Texas, as paying agent/registrar for each series of the Refunded Bonds (the "Refunded Bonds Paying Agent"). The Ordinance provides that from the proceeds of the sale of the Bonds received from the Initial Purchaser of the Bonds and other funds of the City, if any, the City will deposit with the Refunded Bonds Paying Agent an amount which will be sufficient to accomplish the discharge and final payment of the Refunded Bonds on the respective redemption dates. Such funds will be held by the Refunded Bonds Paying Agent in a special redemption account (the "Redemption Account") and used to pay principal and accrued interest on the Refunded Bonds on the respective redemption dates. Under the Deposit Agreement, the Redemption Account is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds. The funds on deposit in the Redemption Account will not be available to pay debt service on the Bonds.

* Preliminary, subject to change.

Either the Refunded Bonds Paying Agent, in its capacity as Paying Agent for each of the respective Refunded Bonds, or the City's financial advisor will certify as to the sufficiency of the amounts initially deposited therewith to pay the principal of and interest on the Refunded Bonds when due on the respective redemption dates. By the deposit of the proceeds of the Bonds and other funds of the City, if any are required, with the Refunded Bonds Paying Agent pursuant to the Deposit Agreement, the City will have effected the defeasance of the Refunded Bonds in accordance with applicable State law and the ordinances authorizing the Refunded Bonds. As a result of such defeasance, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Redemption Account held for such purpose by the Refunded Bonds Paying Agent, and the Refunded Bonds will not be deemed as being outstanding obligations of the City payable from revenue of the Waterworks and Sewer System (the "System"), nor for the purpose of applying any limitation on the issuance of debt and the City will have no further responsibility with respect to amounts available in the Redemption Account for the payment of the Refunded Bonds.

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

Sources:

Par Amount	\$ -
Reoffering Premium	
TOTAL SOURCES	\$ -

Uses:

Deposit to Redemption Account	\$ -
Costs of Issuance	
TOTAL USES	\$ -

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated February 1, 2021, and mature on August 1 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds will accrue from the date of delivery to the Initial Purchaser thereof (the "Date of Delivery"), 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 of each year, commencing August 1, 2021, until maturity or prior redemption. The definitive 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 Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended, the Ordinance and Section 9.13 of the City's Home Rule Charter.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are special obligations of the City payable, both as to principal and interest, solely from and, together with certain outstanding revenue bonds of the City (the "Previously Issued Bonds") and any additional parity bonds (the "Additional Bonds") which may be issued in the future, secured by a lien on and pledge of the Pledged Revenues of the System. Pledged Revenues include the Gross Revenues of the System less maintenance and operating expenses (the "Net Revenues") plus other resources of the City which may, at the option of the City, be pledged to the payment of the Bonds, the Previously Issued Bonds and any Additional Bonds. (See "SELECTED PROVISIONS OF THE ORDINANCE."). Maintenance and operating expenses include contractual payments which under Texas laws and their provisions are established as operating expenses.

The City has outstanding Previously Issued Bonds secured by and payable from Pledged Revenues on parity with the Bonds, as follows:

Dated Date	Outstanding Debt ⁽¹⁾	Issue Description
12/1/11	\$ 675,000	Waterworks & Sewer System Revenue Refunding Bonds, Series 2012
12/1/14	3,250,000	Waterworks & Sewer System Revenue Refunding Bonds, Series 2015
12/1/15	19,345,000	Waterworks & Sewer System Revenue Refunding and Improvement Bonds, Series 2016
	\$ 23,270,000	

(1) As of February 1, 2021. Excludes the Refunded Bonds, and the Bonds.

The Bonds are not a charge upon any other income or revenues of the City and **shall never constitute an indebtedness or pledge of the general credit or taxing powers of the City.** The Ordinance does not create a lien or mortgage on the System, except the Pledged Revenues, and any judgment against the City may not be enforced by levy and execution against any property owned by the City.

RESERVE FUND . . . As additional security, a Reserve Fund is required to be maintained in an amount at least equal to the average annual debt service requirements of the outstanding Previously Issued Bonds, the Bonds and any Additional Bonds issued on a parity with the Bonds. Any additional amount required to be accumulated in the Reserve Fund by reason of the issuance of the Bonds will be funded over a sixty month period in accordance with the provisions of the Ordinance. The Reserve Fund may be funded in the amount of the Required Reserve by deposit of a Reserve Fund Surety Bond sufficient to provide such portion of the Required Reserve (see "SELECTED PROVISIONS OF THE ORDINANCE").

RATES . . . The City has covenanted in the Ordinance that it will at all times charge and collect rates and charges for services of the System which will produce Gross Revenues at least sufficient to pay all expenses of operation and maintenance of the System, to pay the principal of and interest on all Previously Issued Bonds, the Bonds and any Additional Bonds, and to make all required deposits to the funds provided for in the Ordinance, with such amounts being at least equal to 1.1 times the annual principal and interest requirements of all outstanding Previously Issued Bonds, the Bonds and any Additional Bonds. The City has further covenanted in the Ordinance that, if the System should become legally liable for any other obligations or indebtedness, it will charge and collect additional rates and charges for services rendered by the System sufficient to establish and maintain funds for the payment of such obligations.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds maturing on August 1, 2030, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar, or DTC while the Bonds are in Book-Entry-Only form), shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the 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 Ordinance, the City reserves the right, in the case of an optional redemption, to give notice of its election to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the City 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 NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. SUBJECT TO THE RIGHT OF THE CITY TO GIVE A CONDITIONAL NOTICE OF REDEMPTION AS DESCRIBED IN THE IMMEDIATELY PRECEDING PARAGRAPH, NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

DEFEASANCE . . . The Ordinance provides that the City may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current State law, such discharge may be accomplished by either (i) depositing with the Paying Agent/Registrar or any other lawfully authorized entity a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or prior redemption or (ii) by depositing with a paying agent, or other authorized escrow agent, amounts sufficient, together with the investment earnings thereon, to provide for the payment and/or redemption of the Bonds; provided, that under current law, 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, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or

instrumentality and that, on the date the governing body of the City 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, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations, as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. The foregoing obligations may be in Book-Entry-Only form, and shall mature and/or bear interest in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Ordinance.

Under current State law, upon such deposit as described above, the Bonds shall no longer be regarded to be outstanding for any purpose other than the payment thereof. 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 City 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 City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the 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.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law.

ADDITIONAL BONDS . . . The City may issue Additional Bonds payable from the Pledged Revenues which, together with the Previously Issued Bonds and the Bonds, shall be equally and ratably secured by a parity lien on and pledge of the Pledged Revenues of the System, subject, however, to complying with certain conditions in the Ordinance. See "SELECTED PROVISIONS OF THE ORDINANCE" for terms and conditions to be satisfied for the issuance of Additional Bonds.

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

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the 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 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 Bonds. The 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 of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Bonds shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 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 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 City or the Paying Agent/Registrar, 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, or the City, 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 City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The City may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Bonds 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 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 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 Ordinance will be given only to DTC.

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

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

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is U.S. Bank National Association. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the 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 or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

PAYMENT . . . Principal of the Bonds at stated maturity or earlier redemption will be paid to the registered owner at the stated maturity or earlier redemption, as applicable, upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar on the Record Date (see "Record Date for Interest Payment" herein), or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner.

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

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed bond certificates shall be delivered to the Owners and thereafter, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof 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. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the 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 Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner not more than three business days after the receipt of the 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 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 as the 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 Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

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

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

BONDHOLDERS' REMEDIES . . . The Ordinance authorizing the issuance of the Bonds establishes the following Events of Default with respect to the Bonds: (i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or (ii) default in the performance or observance of any other covenant, agreement or obligation of the City, 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 Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the City; or (iii) an order of relief shall be issued by the Bankruptcy Court of the United States District Court having jurisdiction, granting the City any relief under any Applicable Law, or any other court having valid jurisdiction shall issue an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, sequestrator, or other similar official for the City of any substantial part of its property, affairs or assets, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days.. Upon any happening of any Event of Default and except as otherwise provided in the Ordinance, any Owner or an authorized representative, thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained in the Ordinance, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners under the Ordinance or any combination of such remedies. The Ordinance allows, but does not provide for a trustee to enforce the covenants and obligations of the City. **Upon an event of default under the Ordinance, in no event will registered owners have the right to have the maturity of the 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 Ordinance would be successful.

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

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

The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the pledged Net Revenues, such provisions are subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that the rights of holders of the 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.

AMENDMENTS . . . The City may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding, as applicable, amend, add to, or rescind any of the provisions of the Ordinance, except that, without the consent of the registered owners of all of the Bonds, as applicable, no such amendment, addition or rescission may (1) change the date specified as the date on which the principal on any installment of interest is due payable, reduce the principal amount or

the rate of interest, or in any other way modify the terms of their payment, (2) give any preference to any Bonds, as applicable, over any other Bonds or (3) reduce the aggregate principal amount required to be held by owners for consent to any amendment, addition or rescission.

THE SYSTEM

WATERWORKS SYSTEM

Raw water is supplied to the City through a contract (the "Contract") between the City and the Tarrant Regional Water District, formerly known as the Tarrant County Water Control and Improvement District Number 1 (the "District"). The contract period commenced March 1, 1980 and runs for the life of the bonds which were issued by the District to provide water to the City and thereafter for the life of the District's facilities serving the City. Water is provided to the City from the District's Benbrook Reservoir, Cedar Creek Lake and Richland-Chambers Reservoir. Under the Contract, the City has a take-or-pay gallonage 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 District's cost of debt service, operation and maintenance expenses, and any other miscellaneous expenses in connection with its water supply facilities, 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, the City of Arlington and the Trinity River Authority, after crediting amounts received by the District from water sales to other customers. The rate charged for fiscal year 2019 was \$1.26520 per 1,000 gallons. The rate charged for fiscal 2020 was \$1.25539 per 1,000 gallons. The rate to be charged for fiscal year 2021 is \$1.25448 per 1,000 gallons. The City believes that the raw water supply available to the City under the Contract is adequate for the currently foreseeable ultimate development of the City.

Presently, the City's existing water treatment plant has a capacity of 45.00 million gallons per day ("MGD") and receives raw water through a 30" and a 54" pipeline connected to the District's 72" pipeline from the Cedar Creek Reservoir and the District's 90" pipeline from the Richland-Chambers Reservoir. Water is brought in from Benbrook Reservoir through a 108" pipeline. The water treatment plant is designed to serve a population of approximately 112,500. The City presently has three elevated storage tanks with a combined capacity of 4,000,000 gallons: one has a capacity of 2,000,000 gallons and two have capacities of 1,000,000 gallons each. Also, the City has six ground storage tanks with a combined capacity of 4,240,000 gallons: 300,000 gallons, 440,000 gallons, two at 500,000 gallons each, one at 1,000,000 gallons, and one at 1,500,000 gallons in storage capacity. The City has a combined elevated and ground drinking water storage capacity of 8.24 million gallons.

The City currently provides treated water to a portion of Johnson County Special Utility District ("JCSUD") under a wholesale water supply contract. JCSUD currently takes 2.5 MGD, but has the ability to take up to 9 MGD. The City has entered into a similar wholesale water supply contract with the City of Grand Prairie whereby the City may supply Grand Prairie with up to 12 MGD of treated water. The City is also able to supply portions of Arlington and Grand Prairie with treated water through emergency interconnections. The City's waterworks system has a regional impact and, more importantly, enables the City to receive water from or supply water to surrounding entities during times of drought or emergency responses.

The City has adopted a Water Master Plan, prepared by Freese & Nichols. The master plan analyzes the existing water system and contains recommendations for immediate construction improvements as well as staged construction for the ultimate development of the System.

TABLE 1 - HISTORICAL WATER CONSUMPTION (GALLONS)

Fiscal Year Ended 9/30	Total Usage	Peak Day	Average Day
2016	4,273,509,000	23,369,000	11,373,000
2017	4,480,309,000	20,975,000	11,734,000
2018	4,923,147,000	26,662,000	13,673,000
2019	4,794,009,000	28,495,000	13,134,000
2020 ⁽¹⁾	5,073,568,000	26,659,000	13,900,000

(1) Unaudited.

TABLE 2 - TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)⁽¹⁾

Customer	2020 Water Usage	% of Total Water Usage	Water Revenue	Percent of Water Revenues
Johnson County SUD	989,332,000	22.08%	\$ 3,171,270	13.79%
Mansfield ISD	150,004,640	3.35%	1,007,563	4.38%
City of Mansfield	101,319,620	2.26%	611,656	2.66%
Mansfield National Golf Club	55,134,900	1.23%	80,000	0.35%
Walnut Creek Country Club	41,269,330	0.92%	67,448	0.29%
Methodist Mansfield Medical Center	40,186,510	0.90%	182,318	0.79%
Mid America Apartments LP	37,956,090	0.85%	168,734	0.73%
Southwest - Dallas	25,370,970	0.57%	9,186	0.04%
Steadfast Villagio LLC	22,834,120	0.51%	99,561	0.43%
Equistar Chemicals	22,541,600	0.50%	84,552	0.37%
	<u>1,485,949,780</u>	<u>33.17%</u>	<u>\$ 5,482,288</u>	<u>23.85%</u>

(1) Golf courses and gas companies purchase non-potable water and they pay a discounted rate for the non-potable water. As of September 30, 2020. Unaudited.

TABLE 3 - MONTHLY WATER RATES

Meter Size	Current Rates Effective as of October 2020
Residential < 2,000 gallons	\$7.45
3/4" & 5/8"	\$22.57
1"	\$56.43
1 1/2"	\$112.85
2"	\$180.56
3"	\$361.12
4"	\$620.68
6"	\$1,263.92
Volumetric Rate per 1,000 Gallons Water (Effective October 2020)	
	Industrial Residential / Commercial
First 2,000 Gallons	\$0.00 \$0.00
Next 30,000 Gallons	\$2.61 \$3.29
Over 32,000 Gallons	\$3.26 \$4.11

WASTEWATER SYSTEM

On August 23, 1974, the City Council approved a contract with the Trinity River Authority of Texas to become a contracting party in the Authority's Central Regional Wastewater System, along with twenty-four other area cities and the Dallas-Fort Worth International Airport.

On August 24, 2015, the City Council approved a contract with the Trinity River Authority of Texas to buy into and become a contracting party in the Authority's Mountain Creek Regional Wastewater System, joining Grand Prairie, Midlothian, and Venus.

The contracting parties have agreed to pay the Authority its net cost of operation and maintenance, including debt service requirements, on each Regional Wastewater System. Payments made by the respective cities are pursuant to authority granted by Texas Local Government Code Sections 402.022 and 402.023, 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 Systems, 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 Systems 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 Systems by all contracting parties. For fiscal year 2019, the City's cost for sewer treatment under the contract was \$7,372,667. For fiscal year 2020, the City's cost for sewer treatment under the contract was \$7,307,714. For fiscal year 2021, the City's budgeted cost for sewer treatment under the contract is \$7,552,536.

The City has adopted a Wastewater Collection Master Plan, prepared by Freese & Nichols. The master plan analyzes the existing wastewater system and contains recommendations for immediate construction improvements as well as staged construction for the ultimate development of the system.

TABLE 4 - WASTEWATER USAGE (GALLONS)

Fiscal Year Ending 9/30	Amount in Gallons (000)
2016	2,146,619
2017	1,962,366
2018	2,025,919
2019	2,303,352
2020	2,966,274 ⁽¹⁾

(1) Unaudited.

TABLE 5 - MONTHLY SEWER RATES

	Current Rates Effective as of October, 2020
<u>Residential</u>	
Base 2,000 Gallons	\$ 10.02
Base 2,001 Gallons	28.54
Each 1,000 Over 2,000 Gallons	3.78
Maximum	73.90
Sewer Service Only - Flat Rate	58.78
<u>Commercial</u>	
Base 2,000 Gallons	\$ 28.54
Each 1,000 Over 2,000 Gallons	3.78

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DEBT INFORMATION

TABLE 6 - PRO-FORMA WATERWORKS AND SEWER SYSTEM REVENUE DEBT SERVICE REQUIREMENTS

Year Ended 30-Sep	Outstanding Debt ⁽¹⁾		The Bonds ⁽²⁾		Total Debt Service	% of Principal Retired
	Principal	Interest	Principal	Interest		
2021	\$ 2,255,000	\$ 1,091,187	\$ 1,010,000	\$ 87,420	\$ 4,443,607	
2022	2,355,000	988,987	1,085,000	182,800	4,611,787	
2023	2,460,000	881,550	605,000	139,400	4,085,950	
2024	2,340,000	768,600	625,000	115,200	3,848,800	
2025	2,215,000	657,250	640,000	102,700	3,614,950	50.79%
2026	2,325,000	550,050	655,000	89,900	3,619,950	
2027	2,435,000	437,500	670,000	76,800	3,619,300	
2028	2,160,000	319,600	690,000	56,700	3,226,300	
2029	2,260,000	211,600	710,000	36,000	3,217,600	
2030	370,000	98,600	735,000	14,700	1,218,300	93.17%
2031	385,000	83,800	-	-	468,800	
2032	400,000	68,400	-	-	468,400	
2033	420,000	52,400	-	-	472,400	
2034	435,000	35,600	-	-	470,600	
2035	455,000	18,200	-	-	473,200	100.00%
	<u>\$ 23,270,000</u>	<u>\$ 6,263,325</u>	<u>\$ 7,425,000</u>	<u>\$ 901,620</u>	<u>\$ 37,859,945</u>	
					<u>\$ 8,326,620</u>	

(1) Excludes the Refunded Bonds.

(2) Average life of the Bonds is 4.688 years. Interest is calculated at an average rate of 1.35% for purposes of illustration only. Preliminary, subject to change.

TABLE 7 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2020, the City has no authorized but unissued revenue debt. Under State law, the City is not required to obtain voter approval for water and sewer system revenue bonds.

ANTICIPATED ISSUANCE OF REVENUE BONDS . . . The City anticipates the issuance of \$10,000,000 in additional System revenue debt in the next 12 months.

PENSION PLAN

Plan Description – The City participates as one of 872 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 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. The TMRS Act places the general administration and management of the TMRS with a six-member Board of Trustees (the “Board”). Although the Governor, with advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State. 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 2017	Plan Year 2018
Employee deposit rate	7%	7%
Matching ratio (City to employee)	2 to 1	2 to 1
Years require 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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	196
Inactive employees entitled to but not yet receiving benefits	185
Active employees	486
Total	867

Contributions - The contribution rates for employees in TMRS is 7% of employee gross earnings, and the City matching percentages is 14.95%, 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 were required to contribute 7% of their gross earnings during the fiscal year. The contribution rates for the City were 14.94% and 14.95% in calendar years 2018 and 2019 respectively. The City’s contributions to TMRS as of September 30, 2018 were \$5,672,743 and were equal to the required contributions.

Net Pension Liability:

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2018 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 female 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 both 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, 2018, 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. 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). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
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:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	\$160,939,483	\$ 144,329,440	\$ 16,610,043
Changes for the year:			
Service Cost	6,781,902	-	6,781,902
Interest	10,919,655	-	10,919,655
Change in benefit terms	-	-	-
Difference between expected and actual experience	2,214,327	-	2,214,327
Changes of assumptions	-	-	-
Contributions - employer	-	5,679,463	(5,679,463)
Contributions - employee	-	2,661,060	(2,661,060)
Net investment income	-	(4,327,905)	4,327,905
Benefit payments, including refunds of employee contributions	(5,115,537)	(5,115,537)	-
Administrative expense	-	(83,556)	83,556
Other changes	-	(4,365)	4,365
Net changes	14,800,347	(1,190,840)	15,991,187
Balance at 12/31/2018	\$175,739,830	\$ 143,138,600	\$ 32,601,230

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	\$ 60,432,763	\$ 32,601,230	\$ 9,999,191

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2019, the City recognized expense of \$8,856,150.

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At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Due to Liabilities:	Recognition Period (or Amortized yrs)	Total (Inflow) or Outflow of Resources	2018 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
2014 Difference in expected and actual experience actuarial (gains) or losses	2.9001	\$ 30,492	\$ 10,515	\$ 19,977
2015 Difference in expected and actual experience actuarial (gains) or losses	3.7300	89,860	24,091	65,769
2016 Difference in expected and actual experience actuarial (gains) or losses	4.7900	1,387,711	289,710	1,098,001
2017 Difference in expected and actual earnings on actuarial (gains) or losses	5.7300	734,942	128,262	606,680
2018 Difference in expected and actual earnings on actuarial (gains) or losses	6.4200	2,214,327	344,911	1,869,416
			<u>797,489</u>	<u>3,659,843</u>
2015 Difference in assumption changes actuarial (gains) or losses	3.7300	(371,347)	<u>(99,557)</u>	<u>(271,790)</u>
			<u>(99,557)</u>	<u>(271,790)</u>

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Due to Assets:				
2014 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	1.0000	250,457	250,457	-
2015 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	2.0000	2,952,125	1,476,062	1,476,063
2016 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	3.0000	(8,614)	(2,872)	(5,742)
2017 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	4.0000	(7,062,550)	(1,765,638)	(5,296,912)
2018 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	5.0000	14,070,142	2,814,028	11,256,114
			<u>\$2,772,037</u>	<u>\$ 7,429,523</u>
Total				<u>\$ 10,817,576</u>

\$4,186,161 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, 2020. 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
2019	\$ 3,219,513
2020	1,742,399
2021	1,756,186
2022	3,516,074
2023	438,543
Thereafter	144,861
Total	<u>\$ 10,817,576</u>

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 earnings (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust meeting the criteria in paragraph 4 of GASB Statement No. 75). TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	155
Inactive employees entitled to but not yet receiving benefits	38
Active employees	486
Total	<u>679</u>

Contributions - The contribution rates for employees in SDBF is .02% of employee gross earnings, and the city matching percentages is .15%, 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 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.

Employees for the City were required to contribute .02% of their gross earnings during the fiscal year. The contribution rates for the City of Mansfield, Texas were .15% and .15% in calendar years 2018 and 2019 respectively. The City's contributions to SDBF as of September 30, 2019 were \$56,361 and were equal to the required contributions.

Total OPEB Liability:

The City's Total OPEB Liability related to SDBF was measured and determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions:

The Total OPEB Liability related to SDBF in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year, including inflation
Discount Rate	3.31%, based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017
Retirees' share of benefit related costs	\$0.00
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates - service retirees	RP2000 combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability related to SDBF:

	Total OPEB Liability (SDBF)
Balance at 12/31/2017	\$ 1,030,717
Changes for the year:	
Service Cost	57,023
Interest	34,935
Differences between expected and actual experience	145,354
Changes in assumptions or other inputs	(81,348)
Benefit payments*	(7,603)
Net Changes	148,361
Balance at 12/31/2018	\$ 1,179,078

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

Sensitivity of the total OPEB liability related to SDBF to changes in the discount rate:

The following presents the total OPEB liability related to SDBF of the City, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability related to SDBF would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability	\$ 1,400,162	\$ 1,179,078	\$ 1,008,727

OPEB Plan Fiduciary Net Position:

Detailed information about the 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.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (SDBF):

For the year ended September 30, 2019, the City recognized expense of \$110,998.

At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Due to Liabilities	Recognition Period (or Amortization yrs)	Total Remaining (Inflow) or Outflow of Resources	2019 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
2018 Change in assumptions	8.0400	\$ (81,348)	\$ (10,118)	\$ (71,230)
2017 Change in Assumptions	7.0400	\$ 77,997	\$ 11,079	\$ 66,918
2018 Difference in expected and actual experience	8.0400	\$ 145,354	\$ 18,079	\$ 127,275
actuarial (gains) or losses			\$ 19,040	\$ 122,963

\$42,002 was reported as deferred outflows of resources related to OPEB (SDBF) resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability related to SDBF for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB (SDBF) will be recognized in pension expense as follows:

For the year ended September 30,	Net deferred outflows (inflows) of resources
2020	\$ 19,040
2021	19,040
2022	19,040
2023	19,040
2024	19,040
Thereafter	27,763
	<u>\$ 122,963</u>

OTHER POST-EMPLOYMENT BENEFITS

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 health care plan. The City established by ordinance a single-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 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 of 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 484 active plan members and 63 retired plan members and 93 retired plan members receiving benefits. Of the retired members, 40 had less than 20 years of service and 53 had more than 20 years of service.

Contributions - 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 actuarially determined contribution (ADC), which approximates the annual OPEB cost, and totaled \$2,410,000 for the fiscal year ended September 30, 2018. The City also funded 100% of the ADC, which approximates the annual OPEB cost, and totaled \$4,820,000 for the fiscal year ended September 30, 2019.

Net OPEB Liability

The City's net OPEB liability (NOL) was measured as of December 31, 2019 and the total OPEB liability (TOL) used to calculate the NOL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The NOL in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial method	Entry Age Normal
Discount Rate	7.0% per annum. The plan is funded in an irrevocable trust maintained by the plan sponsor. The City has, on average, made contributions the last five years that, if continued in this fashion, the plan will always be sufficiently funded to pay benefits due.
Inflation	2.5% per annum
Mortality	RP-2014 Mortality Table with Improvement Scale MP-201
Marriage Assumptions	3-year spouse age difference with females assumed 3 years younger than males. 25% of participants eligible for future post-employment benefits are assumed to have an eligible spouse electing to receive plan benefits. For retired members, we have used actual marital status, as provided, and assumed all such spouses are receiving plan benefits.
Health-care cost trend rates	7% in year 1 graded downward ½% per year to 4.5% in year 6 & later
Post-65 premium reductions	It is assumed that employer-subsidized premiums will be reduced by two-thirds after age 65 due to Medicare eligibility.
Implied subsidy	Included a load of 5% to include the estimated value of implied subsidies for the plan's post-retirement medical benefits.
Assumed utilization	75% of eligible future retirees are assumed to elect plan benefits
Changes in assumptions	We have changed the mortality table improvement scale from MP-2017 to MP-2018
Salary rate	3% per annum

Retirement Rate

<u>Attained Age</u>	<u>Rates per 100 Participants</u>
50	3.00
51-54	1.50
55-57	7.50
58-59	10.00
60	25.00
61-64	10.00
65	100.00

Withdrawal Rate

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

The plan's policy in regard to the allocation of invested assets is established by the City Council. The target asset allocation policy is 50% equity investments, 45% fixed income investments, and 5% cash. The long-term expected rate of return on plan investments used in the valuation was determined using a building-block method in which the City's best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the City's expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The City's best estimates of geometric real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50%	3.6%
Fixed Income	45%	0.9%
Cash	5%	0.0%
Inflation	N/A	2.5%
Total	100%	7.0%

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 6/30/2018	\$ 48,772,103	\$ 11,263,823	\$ 37,508,280
Changes for the year:			
Service Cost	568,220	-	568,220
Interest	3,333,223	-	3,333,223
Difference between expected and actual experience	8,760,461	-	8,760,461
Contributions - employer	-	7,261,311	(7,261,311)
Benefit Payments	(2,441,311)	(2,441,311)	-
Net Investment Income	-	959,456	(959,456)
Administrative expense	-	(66,652)	66,652
Net changes	10,220,593	5,712,804	4,507,789
Balance at 6/30/2019	\$ 58,992,696	\$ 16,976,627	\$ 42,016,069

Sensitivity of the Total Pension Liability to Changes in the Discount and Trend Rates

The following presents the net OPEB liability of the City, calculated using the discount rate of 7%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Total OPEB Liability	\$ 51,478,242	\$ 42,016,069	\$ 34,486,195

The following presents the net OPEB liability of the City, calculated using the trend rates of 7%, as well as what the City's net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rates:

	1% Decrease in Trend Rates (6.00%)	Trend Rates (7.00%)	1% Increase in Trend Rates (8.00%)
Total OPEB Liability	\$ 34,405,648	\$ 42,016,069	\$ 51,474,229

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2019, the City recognized expense of \$4,826,810.

At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Recognition Period (or Amortization yrs)	Total Remaining (Inflow) or Outflow of Resources	2018 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
Due to Liabilities				
2018 Change in assumptions	3.3900	\$ (1,109,590)	\$ (327,313)	\$ (782,277)
2019 Difference in projected and actual earnings on OPEB plan	4.6200	(37,379)	(7,476)	(29,930)
			<u>\$ (334,789)</u>	<u>\$ (812,207)</u>
Due to Assets				
2018 Difference in projected and actual earnings on OPEB plan investments	4.0000	\$ 119,030	\$ 29,758	\$ 89,272
2019 Difference between expected and actuarial experience	4.2000	8,760,491	2,085,824	6,674,637
Total			<u>\$ 2,115,582</u>	<u>\$ 6,763,909</u>

\$0.00 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the year ended September 30,	Net deferred outflows (inflows) of resources
2020	\$ 1,780,793
2021	1,780,793
2022	1,980,453
2023	409,690
2024	-
Thereafter	-
	<u>\$ 5,951,729</u>

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FINANCIAL INFORMATION

TABLE 8 - CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
Revenues	2020 ⁽¹⁾	2019	2018	2017	2016
Water Service	\$ 23,141,850	\$ 20,401,003	\$ 22,008,371	\$ 19,639,307	\$ 18,459,984
Sewer Service	13,805,102	12,805,588	12,580,718	11,533,077	10,863,897
Charges for Services	1,633,661	1,710,937	1,394,059	1,613,957	1,487,430
Interest Earnings	249,422	620,381	371,649	164,312	76,716
Impact Fees	4,879,934	2,939,992	3,500,583	2,357,803	2,230,248
Total Revenues	\$ 43,709,969	\$ 38,477,901	\$ 39,855,380	\$ 35,308,456	\$ 33,118,275
Expenses					
Costs of Sales and services	\$ 19,204,568	\$ 19,342,805	\$ 19,722,391	\$ 16,955,343	\$ 15,971,104
Administration	4,030,542	4,220,376	3,128,042	3,316,384	3,070,093
Total Expenses	\$ 23,235,110	\$ 23,563,181	\$ 22,850,433	\$ 20,271,727	\$ 19,041,197
Net Available for Debt Service	\$ 20,474,859	\$ 14,914,720	\$ 17,004,947	\$ 15,036,729	\$ 14,077,078
Water Customers	23,364	22,408	21,629	21,291	20,807
Sewer Customers	20,501	19,813	19,282	18,765	18,325

(1) Unaudited.

TABLE 9 - COVERAGE AND FUND BALANCES⁽¹⁾

Average Annual Principal and Interest Requirements, 2021-2035	\$ 2,523,996
Coverage of Average Requirements by 9/30/20 Net Available for Debt Service	8.11x
Maximum Principal and Interest Requirements, 2022	\$ 4,611,787
Coverage of Maximum Requirements by 9/30/20 Net Available for Debt Service	4.44x
Waterworks and Sewer System Bonds Outstanding, 9/30/20	\$ 31,080,000
Water and Sewer Sinking and Reserve Funds, 9/30/20	\$ 4,968,717

(1) Projected; excludes the Refunded Bonds; includes the Bonds being offered herein; Preliminary, subject to change. Unaudited.

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TABLE 10 - VALUE OF THE SYSTEM

	Fiscal Year Ended September 30,				
	2020 ⁽¹⁾	2019	2018	2017	2016
Buildings and Systems	\$ 253,924,896	\$ 245,041,748	\$ 227,723,705	\$ 220,599,627	\$ 216,785,671
Land	616,163	186,976	186,976	186,976	186,976
Improvements	138,950	138,950	62,818	62,818	62,818
Machinery and Equipment	4,180,279	4,012,230	3,926,813	3,710,523	3,553,505
Construction in Progress	19,616,431	4,712,809	13,387,042	10,051,687	5,359,446
Total Value	\$ 278,476,718	\$ 254,092,713	\$ 245,287,354	\$ 234,611,631	\$ 225,948,416
Less: Accumulated Depreciation	69,297,216	65,597,500	61,039,892	56,607,697	52,199,340
Net System Value	\$ 209,179,502	\$ 188,495,213	\$ 184,247,462	\$ 178,003,934	\$ 173,749,076

(1) Unaudited.

TABLE 11 - CITY'S EQUITY IN SYSTEM

	Fiscal Year Ended September 30,				
	2020 ⁽¹⁾	2019	2018	2017	2016
<u>Resources</u>					
Net System Value	\$ 209,179,502	\$ 188,495,213	\$ 184,247,462	\$ 178,003,934	\$ 173,749,076
Cash and Investments	37,815,995	40,044,277	37,744,405	35,772,063	35,062,273
Other Resources	7,048,173	7,344,684	6,104,628	5,155,150	4,865,416
Total Resources	\$ 254,043,670	\$ 235,884,174	\$ 228,096,495	\$ 218,931,147	\$ 213,676,765
Deferred Outflows	\$ 4,421,500	\$ 4,714,353	\$ 3,658,988	\$ 4,015,713	\$ 4,235,600
<u>Obligations</u>					
Revenue Bonds Payable	\$ 34,508,085	\$ 37,970,045	\$ 42,127,005	\$ 46,408,966	\$ 50,710,926
Other Obligations	10,827,313	11,750,421	9,351,975	6,258,787	5,898,682
Total Obligations	\$ 45,335,398	\$ 49,720,466	\$ 51,478,980	\$ 52,667,753	\$ 56,609,608
Deferred Inflows	\$ 742,271	\$ 111,429	\$ 433,213	\$ 45,235	\$ 53,747
City's Equity in System	\$ 212,387,501	\$ 190,766,632	\$ 179,843,290	\$ 170,233,872	\$ 161,249,010
Percentage City's Equity in System	83.60%	80.87%	78.85%	77.76%	75.46%

(1) Unaudited.

FINANCIAL POLICIES

The financial statements of 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 more significant accounting and reporting policies used by the City are described below. The audited financial statements of the City for the year ended September 30, 2017, prepared in accordance with the GASB Statements, are included in Appendix B hereto.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of intergovernmental revenues, which have a one-year period of availability. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, landfill closure/post closure costs, are recorded only when the liability has matured.

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

Fund Balances . . . The City has a written fund balance policy requiring the general fund's balance to be at least 25% of the next fiscal year's budget. It is the City's policy to maintain this percentage to assure adequate funding of the general operating fund.

Use of Bond Proceeds . . . The City's policy is to use bond proceeds for capital expenditures only. Such revenues are never to be used to fund normal City operations.

Budgetary Procedures . . . The City Charter establishes the fiscal year as the twelve-month period beginning each October 1. Each year, by the middle of June, the departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year. After review by the Finance Department and the City Manager, a budget of estimated revenues and expenditures is submitted to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with their direction of the City. Various public hearings may be held to comply with state statutes. The City Council will adopt a budget prior to September 15. If the Council fails to adopt a budget then the budget proposed by the City Manager is deemed to have been adopted.

During the fiscal year, budgetary control is maintained by the monthly review of departmental appropriation balances. Actual operations are compared to the amounts set forth in the budget. Departmental appropriations that have not been expended lapse at the end of the fiscal year if no disbursement from or encumbrance of the appropriation has been made.

INVESTMENTS

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

LEGAL INVESTMENTS . . . Under State law, the City 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; (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, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National credit Union Share Insurance Fund or its successor or (B) are invested through (i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the City adopts or (ii) a depository institution with a main office or branch office in this state that the City selects; and (a) the broker or depository institution selected arranges for the deposit of the funds in the banking deposits in one or more federal insured depository institutions, regardless of where located, for the City's account; and (b) the full amount of the principal and accrued interest of the banking deposits is insurance by the United States or an instrumentality of the United States; and (c) the City appoints as the City's custodian of the banking deposits issued for the City's account: (1) the depository institution selected pursuant to (ii) above or (2) an entity described by Section 2256.041(d); or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3; (8) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (i) that are issued by or through an institution that has its main office or a branch office in Texas and 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 City deposits; or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (10) 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 City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (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, (11) 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, (12) 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, (13) no-load 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 (14) 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 City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City 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 State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each 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 State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which

each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt an 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 said ordinance or resolution; (3) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; and (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (10) at least annually, review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 12 - CURRENT INVESTMENTS

As of September 30, 2020, the City's investable funds were invested in the following categories:

Description of Investment	Percent of Portfolio	Total Investment
AIM Invesco	0.67%	\$ 468,042
Bank of America Merrill Lynch	35.94%	25,173,305
TexStar	63.39%	44,405,162
	<u>100.00%</u>	<u>\$ 70,046,510</u>

SELECTED PROVISIONS OF THE ORDINANCE

The City Council will adopt the Ordinance authorizing the Bonds, which will be in substantially the same form as the Ordinance(s) authorizing the City's outstanding parity revenue bonds, selected provisions of which are shown below:

DEFINITIONS

"Additional Bonds" means additional parity revenue bonds permitted to be issued by the Ordinance.

"Capital Improvements Plan" means the City's capital improvements plan that identifies water supply, treatment and distribution facilities and wastewater collection and treatment facilities constituting capital improvements or facility expansions for which impact fees may be assessed, adopted pursuant to Sections 17-87 and 17-88 in Article V of Chapter 17 of the Code of Ordinances of the City, as amended from time to time.

"Fund" means any fund established pursuant to the Ordinance or any ordinance authorizing the issuance of the Previously Issued Bonds and any Additional Bonds.

"Gross Revenues" means all revenues and income of every nature derived or received by the City from the operation and ownership of the System, including impact fees imposed by the City pursuant to Chapter 395, Local Government Code, and Article V of Chapter 17 of the Code of Ordinances of the City, as amended from time to time, to finance capital improvements and facility expansions identified in the Capital Improvements Plan and the interest income from the investment or deposit of money in any special fund created by any of the respective ordinances authorizing the issuance of Previously Issued Bonds, the Bonds and any Additional Bonds.

"Interest and Sinking Fund" means the interest and sinking fund previously established by the City and confirmed by the Ordinance.

"Net Revenues" means all Gross Revenues after deducting there from an amount equal to the current expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised by the adoption of appropriate resolutions, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair any obligations payable from the Net Revenues of the System, shall be deducted in determining "Net Revenues." Payments required to be

made by the City for water supply or water facilities, sewer services or sewer facilities, fuel supply, which payments under law constitute operation and maintenance expenses of any part of the System, shall constitute and be regarded as expenses of operation and maintenance of the System. Depreciation and amortization shall not constitute or be regarded as expenses of operation and maintenance of the System.

"Pledged Revenues" means (1) the Net Revenues, plus (2) resources which are expected to be available to the City on a regular periodic basis, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which in the future may, at the option of the City, be pledged to the payment of Previously Issued Bonds, the Bonds and any Additional Bonds.

"Previously Issued Bonds" means the outstanding and unpaid revenue bonds of the City designated as Waterworks and Sewer System Revenue Bonds, Series 2009, dated December 1, 2009; Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2011, dated January 15, 2011; Waterworks and Sewer System Revenue Refunding Bonds, Series 2012, dated December 1, 2011; Waterworks and Sewer System Revenue Refunding Bonds, Series 2015, dated December 1, 2014; Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2016, dated December 1, 2015.

"Prior Ordinances" means the respective ordinances that authorized the issuance of the Previously Issued Bonds.

"Reserve Fund Surety Bond" means while any Previously Issued Bonds issued prior to the City's Waterworks and Sewer System Revenue Refunding Bonds, Series 2015 are outstanding, any surety bond or insurance policy having a rating in the highest respective rating categories by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, issued to the City for the benefit of the Owners of the Bonds to satisfy any part of the Required Reserve as provided in the Ordinance. At such time as all of the Previously Issued Bonds issued prior to the City's Waterworks and Sewer System Revenue Refunding Bonds, Series 2015 are no longer outstanding, "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 City for the benefit of the Owners of the Bonds to satisfy any part of the Required Reserve as provided in the Ordinance.

"System" means (1) the City's entire existing waterworks and sewer system, together with all future extensions, improvements, enlargements, and additions thereto, and all replacements thereof, and (2) any other related facilities, all or any part of the revenues or income from which, in the future, at the option of the City, in accordance with law, become "Pledged Revenues" as herein defined; provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not mean any water, sewer, or other facilities of any kind which are declared not to be a part of the System, and which are acquired or constructed by the City with the proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being special revenue obligations of the City which are not payable from or secured by any Pledged Revenues, but which are secured by and payable from liens on and pledges of any other revenues, sources, or payments, including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities; and such revenues, sources, or payments shall not be considered as or constitute Gross Revenues of the System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such "Special Facilities Bonds."

"Unclaimed Payments" means money deposited with the Paying Agent/Registrar for the payment of principal of or interest on the Bonds as the same come due and payable and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

PLEDGE

Pledge. The Bonds are "Additional Bonds" described in the Prior Ordinances, and the payment of the principal of, premium, if any, and interest on the Previously Issued Bonds, the Bonds and any Additional Bonds shall be secured by and of payable from a lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Funds created by the Ordinance, and any Funds created by any ordinance authorizing the issuance of any Previously Issued Bonds and any Additional Bonds. The Previously Issued Bonds, the Bonds and any Additional Bonds are not and will not be secured by or payable from a mortgage or deed of trust on any real, personal, or mixed properties constituting the System.

Bonds as Special Obligations. The Bonds are special obligations of the City payable solely from the Pledged Revenues, as described in the Ordinance, and the Owners thereof shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation.

FUNDS AND ACCOUNTS

The Ordinance confirms the prior establishment of the System Fund, the Interest and Sinking Fund and the Reserve Fund, each to be kept and maintained separately and apart from all other monies of the City.

System Fund. All Gross Revenues shall be credited to the System Fund immediately upon receipt. All current expenses of operation and maintenance of the System shall be paid from such Gross Revenues credited to the System Fund as a first charge against same. Before making any deposits required to be made from the System Fund, the City shall retain in the System Fund at all times an amount at least equal to one-sixth of the amount budgeted for the then current fiscal year for the current operation and maintenance expenses of the System.

Interest and Sinking Fund. Monies deposited to the Interest and Sinking Fund shall be applied solely to the payment when due of principal of and interest on the Bonds, the Previously Issued Bonds and any Additional Bonds.

Reserve Fund. The Reserve Fund shall be used to pay the principal of and interest on the Previously Issued Bonds, the Bonds and any Additional Bonds when and to the extent the amounts in the Interest and Sinking Fund available for such payment are insufficient for such purpose, and may be used for the purpose of finally retiring the last of the Previously Issued Bonds, the Bonds and any Additional Bonds. Money on deposit in the Reserve Fund may be applied to the acquisition of a Reserve Fund Surety Bond. (See "Reserve Fund Requirements").

Investments. Money in any Fund established pursuant to the Ordinance or any ordinance authorizing the issuance of the Previously Issued Bonds and any Additional Bonds, may, at the option of the City, be placed in time deposits or certificates of deposit secured by obligations of the type hereinafter described, or be invested in direct obligations of the United States of America or obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in obligations of instrumentalities of the United States of America, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that any such investments are authorized investments for the funds of the City and shall be made in such manner as will, in the opinion of the City, permit the money required to be expended from any Fund to be available at the proper time or times as expected to be needed. Such investments (except United States Treasury Obligations--State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value as of the last day of each fiscal year. Unless otherwise set forth in the Ordinance, all interest and income derived from such deposits and investments immediately shall be credited to, and any losses debited to, the Fund from which the deposit or investment was made, and surpluses in any Fund shall or may be disposed of as hereinafter provided. Such investments are required to be sold promptly when necessary to prevent any default in connection with the Previously Issued Bonds, the Bonds and any Additional Bonds consistent with the respective ordinances authorizing their issuance.

Funds Secured. Money in all Funds created or confirmed by the Ordinance, to the extent not invested, are required to be secured in the manner prescribed by law.

Priority of Transfers from System Fund. The City will make transfers from the Pledged Revenues on deposit in the System Fund, in the amounts and in the manner required by the Ordinance and the ordinances authorizing the Previously Issued Bonds and any Additional Bonds, first, to the Interest and Sinking Fund, and, second, to the Reserve Fund.

Interest and Sinking Fund Requirements. All amounts received on the date of delivery representing accrued interest on the Bonds will be deposited to the Interest and Sinking Fund and will be applied to the payment of interest next coming due on the Bonds. Each month, in approximately equal monthly installments, the City will transfer from the Pledged Revenues to the Interest and Sinking Fund such amounts as will be sufficient, together with any amounts then on deposit in such Fund, to pay principal of and interest on the Bonds, the Previously Issued Bonds and any Additional Bonds coming due on the next succeeding payment date for such obligations, whether at maturity or upon the prior redemption thereof.

Reserve Fund Requirements. The City agrees to maintain in the Reserve Fund an amount of money and investments equal to the average annual principal and interest requirements of the Previously Issued Bonds, the Bonds and any Additional Bonds then outstanding (the "Required Reserve Amount"). After the delivery of any Additional Bonds, the City agrees to cause the Reserve Fund to be increased, if and to the extent necessary, so that such Fund will contain an amount of money and investments equal to the Required Reserve Amount. Any increase in the Required Reserve Amount may be funded from Pledged Revenues or from proceeds from the sale of any Additional Bonds, or any other available source or combination of sources. All or any part of the Required Reserve Amount not funded initially and immediately after the delivery of any installment or issue of Additional Bonds shall be funded, within not more than five years from the date of such delivery, by deposits of Pledged Revenues in approximately equal monthly installments. Principal amounts of any Previously Issued Bonds and any Additional Bonds which must be redeemed pursuant to any applicable mandatory redemption requirements shall be deemed to be maturing amounts of principal for the purpose of calculating principal and interest requirements on such bonds. When and so long as the amount in the Reserve Fund is not less than the Required Reserve Amount no deposits shall be made to the credit of the Reserve Fund; but when and if the Reserve Fund at any time contains less than the Required Reserve Amount, then the City agrees to transfer from Pledged Revenues in the System Fund, and deposit to the credit of the Reserve Fund, monthly, a sum equal to 1/60th of the Required Reserve Amount, until the Reserve Fund is restored to the Required Reserve Amount. The City specifically covenants that when and so long as the Reserve Fund contains the Required Reserve Amount, the City shall cause all interest and income derived from the deposit or investment of the Reserve Fund to

be deposited to the credit of the System Fund, provided that interest and income from moneys representing bond proceeds deposited to the Reserve Fund shall only be used for the same purposes for which such bonds are authorized.

The Reserve Fund may be funded in the amount of the Required Reserve by the deposit of a Reserve Fund Surety Bond sufficient to provide such portion of the Required Reserve. Following such discharge, the City further expressly reserves the right to substitute at any time a Reserve Fund Surety Bond for any funded amounts in the Reserve Fund and to apply the funds thereby released, to the greatest extent permitted by law, to any of the purposes for which the related parity revenue bonds were issued or to pay debt service on the parity revenue bonds. The City shall not employ any Reserve Fund Surety Bond unless (i) the City officially finds that the purchase of such Reserve Fund Surety Bond is cost effective, (ii) the Reserve Fund Surety Bond does not impose upon the City repayment obligations (in the event the Reserve Fund Surety Bond is drawn upon) greater than can be funded from Pledged Revenues on a parity with the deposits that are otherwise required to be made to the Reserve Fund, and (iii) that any interest due in connection with such repayment obligations does not exceed the highest lawful rate of interest which may be paid by the City at the time of delivery of the Reserve Fund Surety Bond.

Deficiencies; Excess Pledged Revenues. (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund or the Reserve Fund, such deficiency is required to be made up as soon as possible from the next available Pledged Revenues.

(b) Subject to making the required deposits to the credit of the various Funds when and as required by the Ordinance or any ordinance authorizing the issuance of Previously Issued Bonds or any Additional Bonds, any surplus Pledged Revenues may be used by the City for any lawful purpose.

ADDITIONAL BONDS

The City has reserved the right to issue additional parity revenue bonds ("Additional Bonds"), at any time and from time to time, and in one or more series or issues, in accordance with law and the requirements of the Ordinance and the ordinances authorizing the Previously Issued Bonds and any Additional Bonds, payable from and secured by a lien on and pledge of the Pledged Revenues, equally and ratably on a parity in all respects with the Bonds, the Previously Issued Bonds and any Additional Bonds; provided that such Additional Bonds shall not be delivered unless: (i) the principal of such Additional Bonds is scheduled to be paid on February 1 or August 1, or both; (ii) the Mayor and City Secretary of the City certify, in writing, that the City is not then in default as to any covenant, condition, or obligation in connection with the Bonds, the Previously Issued Bonds and any Additional Bonds or the ordinances authorizing such obligations, and each respective Fund contains the amount required to be on deposit therein; (iii) an independent certified public accountant certifies, in writing, that, in his or her opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period out of the 18-month period immediately preceding the month in which the ordinance authorizing the proposed Additional Bonds is passed, the Pledged Revenues were at least 1.25 times the average annual principal and interest requirements and 1.10 times the maximum annual principal and interest requirements of the Bonds, all Previously Issued Bonds and any Additional Bonds scheduled to be outstanding after the delivery of the proposed Additional Bonds; provided, that in calculating the amount of Pledged Revenues for such purpose, if there has been an increase in rates charged for services of the System which are then in effect, but which were not in effect during all or any part of the entire period for which the Pledged Revenues are being calculated (the "entire period"), then the certified public accountant, or in lieu thereof, a firm of consulting engineers, shall determine and certify the amount of Pledged Revenues as being the total of (A) the actual Pledged Revenues for the entire period, plus (B) the aggregate amount by which the actual billings during the entire period would have been increased if such rates had been in effect during the entire period; (iv) provision is made in the proposed ordinance to increase the Reserve Fund to the Required Reserve Amount; and (v) all calculations of average annual debt service requirements of any bonds or obligations made in connection with the issuance of such proposed Additional Bonds shall be made as of the date of such Additional Bonds, and, for all purposes under the Ordinance, any principal amount of any bond or obligation required to be mandatorily redeemed shall be deemed to be maturing on the applicable mandatory redemption date.

REPRESENTATIONS AND COVENANTS

Payment of Bonds and Additional Bonds. The City will make available to the Paying Agent/Registrar, from the Interest and Sinking Fund, and, to the extent necessary, from the Reserve Fund, monies sufficient to pay the principal of and interest on the Bonds, Previously Issued Bonds and any Additional Bonds as the same shall come due for payment, either at maturity or upon prior redemption.

Rates. The City covenants and agrees with the holders of all the Previously Issued Bonds, the Bonds and any Additional Bonds as follows:

(a) that it will at all times fix, maintain, charge, and collect for services rendered by the System, rates and charges which will produce Gross Revenues, at least sufficient to pay all expenses of operation and maintenance of the System and to provide an additional amount of Net Revenues to pay promptly all of the principal of and interest on all Previously Issued Bonds, the Bonds and any Additional Bonds, and to make all deposits now or hereafter required to be made into the special funds created by the Ordinance or the ordinance or ordinances authorizing the issuance of Previously Issued Bonds, the Bonds or Additional Bonds, with such amounts

being at least equal to 1.1 times the annual principal and interest requirements of all outstanding Previously Issued Bonds, the Bonds and any Additional Bonds; and

(b) that, if the System should become legally liable for any other obligations or indebtedness, the City shall fix, maintain, charge and collect additional rates and charges for services rendered by the System sufficient to establish and maintain funds for the payment thereof.

General Covenants. The City has further covenanted and agreed that in accordance with and to the extent required or permitted by law:

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Ordinance, and each ordinance authorizing the issuance of the Previously Issued Bonds and Additional Bonds, and in each and every Previously Issued Bond, Bond and Additional Bond; that it will promptly pay or cause to be paid the principal of and interest on every Previously Issued Bond, Bond and Additional Bond, on the dates and in the places and manner prescribed in such ordinances, Previously Issued Bonds, Bonds and Additional Bonds; and that it will promptly pay or cause to be paid the principal of and interest on every Previously Issued Bond, Bond and Additional Bond, on the dates and in the manner prescribed in such ordinances and Previously Issued Bonds, Bonds and Additional Bonds; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and any holder of the Previously Issued Bonds, the Bonds or Additional Bonds may require the City, its officials, and employees, to carry out, respect, or enforce the covenants and obligations of the Ordinance, or any ordinance authorizing the issuance of Additional Bonds or Previously Issued Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City, its officials, and employees.

(b) Legal Authority. The City covenants that it is a duly created and existing home rule city of the State of Texas, and is duly authorized under the laws of the State of Texas to create and issue the Previously Issued Bonds, the Bonds and any Additional Bonds; that all action on its part for the creation and issuance of the said obligations has been or will be duly and effectively taken; and said obligations in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the City in accordance with their terms.

(c) Title. The City has or will obtain lawful title to the lands, buildings, structures, and facilities constituting the System, and the City warrants that it will defend the title to all the aforesaid lands, buildings, structures, and facilities, and every part thereof, for the benefit of the holders and owners of the Previously Issued Bonds, the Bonds and Additional Bonds, against the claims and demands of all persons whomsoever, and it is lawfully qualified to pledge the Pledged Revenues to the payment of the Previously Issued Bonds, the Bonds and any Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) Liens. The City will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the System; it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein; and it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, no such tax, assessment, or charge, and no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the City.

(e) Operation of System; No Free Service. While the Previously Issued Bonds, the Bonds or any Additional Bonds are outstanding and unpaid, the City agrees to continuously and efficiently operate the System, and to maintain the System, or cause the System to be operated and maintained in good condition, repair, and working order, all at reasonable cost. No free service of the System shall be allowed, and should the City or any of its agencies, instrumentalities, lessors, or concessionaires make use or the services and facilities of the System, payment monthly of the standard retail price of the services provided shall be made by the City or any of its agencies, instrumentalities, lessors, or concessionaires out of funds from sources other than the revenues of the System, unless made from surplus Pledged Revenues as permitted by the Ordinance.

(f) Further Encumbrance. While the Previously Issued Bonds, the Bonds or any Additional Bonds are outstanding and unpaid, the City agrees that it will not additionally encumber the Pledged Revenues in any manner, except as permitted in this Ordinance in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of the Ordinance and any ordinance authorizing the issuance of Previously Issued Bonds and any Additional Bonds; but the right of the City to issue revenue bonds payable from a subordinate lien on surplus Pledged Revenues is specifically recognized and retained.

(g) Sale or Disposal of Property. While any Previously Issued Bonds, Bonds or Additional Bonds are outstanding and unpaid, the City agrees that it will not sell, convey, mortgage, encumber, lease, or in any manner transfer title to, or dedicate to other use, or otherwise dispose of, the System, (except as permitted in paragraph (f) hereof) or any significant or substantial part thereof; provided that whenever the City deems it necessary to dispose of any property, machinery, fixtures, or equipment, or dedicate such property to

other use, it may do so either when it has made arrangements to replace the same or provide substitutes therefor, or it is determined by resolution of the City Council that no such replacement or substitute is necessary.

(h) Insurance.

(1) The City agrees to cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by corporations operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance also shall be carried unless the City Attorney gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. All insurance premiums shall be paid as an expense of operation of the System. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the registered owners of the Bonds and their representatives at all reasonable times. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the City shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the City. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the City for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be deposited in a special and separate trust fund, at an official depository of the City, to be designated the "Insurance Account." The Insurance Account shall be held until such time as other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required.

(2) The annual audit hereinafter required may contain a section commenting on whether or not the City has complied with the requirements of this Section with respect to the maintenance of insurance, and shall state whether or not all insurance premiums upon the insurance policies to which reference is made have been paid.

(i) Annual Budget. The City covenants to prepare, prior to the beginning of each fiscal year, an annual budget, in accordance with law, reflecting an estimate of cash receipts and disbursements for the ensuing fiscal year in sufficient detail to indicate the probable Gross Revenues and Pledged Revenues for such fiscal year.

(j) Records. The City covenants to keep proper books of record and account in which full, true, proper, and correct entries will be made of all dealings, activities, and transactions relating to the System, the Pledged Revenues, and the Funds created pursuant to the Ordinance, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any Bondholder or citizen of the City. To the extent consistent with the provisions of the Ordinance, the City shall keep its books and records in a manner conforming to standard accounting practices as usually would be followed by private corporations owning and operating a similar System, with appropriate recognition being given to essential differences between municipal and corporate accounting practices.

(k) Audits. After the close of each fiscal year while any of the Previously Issued Bonds, the Bonds or Additional Bonds are outstanding, an audit will be made of the books and accounts relating to the System and the Pledged Revenues by an independent certified public accountant or an independent firm of certified public accountants. As soon as practicable after the close of each such year, and when said audit has been completed and made available to the City, a copy of such audit for the preceding year shall be mailed to the Municipal Advisory Council of Texas, to each paying agent for any bonds payable from Pledged Revenues, to any registered owner of the Bonds who shall so request in writing, and to First Southwest Company, LLC. The annual audit reports shall be open to the inspection of the registered owners of the Previously Issued Bonds, the Bonds and any Additional Bonds, and their agents and representatives at all reasonable times.

(l) Governmental Agencies. The City covenants to comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorization, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the System.

(m) No Competition. The City covenants that it will not operate, or grant any franchise or, to the extent it legally may, permit the acquisition, construction, or operation of, any facilities which would be in competition with the System, and to the extent that it legally may, the City will prohibit any such competing facilities.

(n) Impact Fees. None of the impact fees pledged in the Ordinance to the payment of the Previously Issued Bonds, the Bonds and any Additional Bonds will be used or expended for an improvement or expansion not identified in the Capital Improvements Plan.

DEFAULT AND REMEDIES

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

- (i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or
- (ii) default in the performance or observance of any other covenant, agreement or obligation of the City, 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 Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the City.
- (iii) An order of relief shall be issued by the Bankruptcy Court of the United States District Court having jurisdiction, granting the City any relief under any Applicable Law, or any other court having valid jurisdiction shall issue an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, sequestrator, or other similar official for the City of any substantial part of its property, affairs or assets, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days.

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

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

Remedies Not Exclusive. (a) No remedy conferred in the Ordinance 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 Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of the Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under the Ordinance.

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

(c) By accepting the delivery of a Bond authorized under the Ordinance, such Owner agrees that the certifications required to effectuate any covenants or representations contained in the Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers or employees of the City or members of the City Council.

DISCHARGE

The Bonds may be defeased, discharged or refunded in any manner permitted by applicable law.

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TAX MATTERS

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

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

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

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Ordinance upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

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

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

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

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

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

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

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

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

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CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). 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 City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the City, financial information and operating data with respect to the City of the general type included in the final Official Statement, being information of the type described in Tables 1 through 12, including financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles appended to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City 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. The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC").

The City's current fiscal year end is September 30. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

CERTAIN EVENT NOTICES . . . The City shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds: (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 Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) Defeasances; (10) Release, substitution, or sale of property securing repayment of the Bonds, if material; (11) Rating changes; (12) Bankruptcy, insolvency, receivership or similar event of the City; (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) Appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports."

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

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

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

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

The City contracts with both Tarrant Regional Water District to supply raw water to the City and Trinity River Authority to treat its wastewater. The City is linking its disclosure obligations to the outstanding issues of both.

OTHER INFORMATION

RATINGS

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

LITIGATION

Saverling et al. v. City of Mansfield et al. On August 28, 2014, Josh and Kelli Saverling and others filed suit against the City of Mansfield ("City"), the Mansfield Park Facilities Development Corporation ("Corporation"), and several individuals associated with the City or the Corporation (collectively "City Defendants") to resolve a dispute over the construction of a bridge that connects a public park to a walking trail that abuts plaintiffs' property. Plaintiffs alleged various causes of action against the City Defendants and also sought equitable relief in the form of an injunction to require the City to prohibit members of the public from crossing the bridge. Although, the plaintiffs have not alleged damages in connection with their primary claim of prohibiting the members of the public from crossing the bridge, they have pled alternative claims of trespassing, and inverse condemnation of their home sites because of the bridge and members of the public crossing the bridge on land that abuts the plaintiff's property.

Initially, all of plaintiffs' requests for injunctive relief had been denied by the trial court. After an evidentiary hearing on plaintiffs' original motion requesting a temporary injunction, the court denied the motion and plaintiff appealed said denial. The case was submitted to the second Court of Appeals for review of the trial court's decision to deny the plaintiffs' motion and the second Court of Appeals upheld the trial court's decision to deny the plaintiffs' requested injunctive relief. Plaintiffs filed a motion for reconsideration with the Court of Appeals and the court again upheld the trial court's decision to deny plaintiffs' requested injunction in a three justice panel ruling. Plaintiffs, for a second time, filed a motion for reconsideration and the court of appeals granted plaintiffs' second motion for reconsideration and withdrew its opinion and judgment which had been previously entered. In a 4/3 decision, the Court of Appeals issued a new ruling on September 29, 2016, in which the Court

changed courses from its previous three rulings and ruled that the trial court should have granted plaintiffs' requested injunction. The City Defendants appealed the interlocutory ruling to the Texas Supreme Court, however, the Supreme Court denied the request to hear the petition and remanded the case back to the trial court.

Subsequent to the decision of the Texas Supreme Court, the case has moved forward at the trial court level with motions for summary judgment being filed by all parties. On October 9, 2018, the trial court granted portions of the plaintiffs' request for summary judgment finding that the residential lots that had been the center of the dispute between the parties had been conveyed to the Homeowner's Association by the Declaration of Covenants, Conditions and Restrictions and that the City did not have a valid title to those properties. The court refused a request to find that the City or related defendants' had trespassed on the property and refused to find that attorney's fees were recoverable against the City or its related parties based upon the summary judgment evidence.

Shortly before trial, the plaintiffs non-suited their trespass to try title or ultra vires claims, as well as their alternative claims for trespass and inverse condemnation, choosing to rely on the court's rulings on the summary judgment motions. The city non-suited its alternative eminent domain action, which can be brought at a later date, if necessary. That left the issue of attorney's fees as the only issue for trial.

The case proceeded to trial as scheduled on December 3, 2018. At the conclusion of the evidence and arguments, the court took the matter under advisement. The court signed a final judgment in the case on March 20, 2019 awarding plaintiffs title to the property in question (based upon the earlier rulings on summary judgment motions) and attorney's fees against the MPFDC in the amount of \$124,570.80 and conditional attorney's fees in the event of successful appeals totaling \$116,000.00.

The City appealed the court's judgment, primarily attacking the decision with respect to title and, as a consequence, the award of attorney's fees. The City's brief was filed in late August 2019 and the respondents' brief was due in early November. The court of appeals announced its unanimous opinion in favor of the City Defendants on July 16, 2020. The court ruled that the plaintiffs failed to establish that the Homeowners Association on whose behalf they ostensibly sued the City had any claim of title to the disputed property, so the trial court's judgment in their favor was improper. It also set aside the award of attorney's fees to the plaintiffs.

The court further ruled that its earlier opinion – the 4/3 decision against the City mentioned above – does not constitute “law of the case,” and neither the court of appeals nor the trial court is bound by its terms. The Court of Appeals reversed the judgment of the trial court and remanded the case for further proceedings. The Court of Appeals opinion was by a three-judge panel of the court, which is how all initial opinions are rendered. The plaintiffs have filed a Motion for Rehearing *en Banc*, which is a request that the entire seven-member court review the decision.

The plaintiffs' Motion for Rehearing requests, among other things, that the court determine the overall title question – i.e., not simply that the HOA did not prove its claim of title but whether the City Defendants' claim is valid. If the court grants the rehearing and makes a decision on that point, the language of the opinion indicates that it likely would rule in the City's favor. There are other issues involved in the case that are of no financial import to the City Defendants. As things stand, the City is in the position of owing nothing to the plaintiffs after the first round of appellate review. The City Defendants continue in their opinion that this case will not have a significant effect upon the financial condition of the city or the MPFDC.

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

INFECTIOUS DISEASE OUTBREAK – COVID-19

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

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include executive orders which have, among other things, imposed limitations on social gatherings and established occupancy limits for most businesses in Texas. Additionally, such orders required every person in Texas to wear a face covering over the nose and mouth while inside a commercial entity, building, or space open to the public, or in an outdoor public space when it is not feasible to maintain six feet of social distance, subject to certain exceptions. The

Governor retains the authority to impose additional restrictions on activities. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

In response to the COVID-19 outbreak, the City implemented a number of temporary measures intended to mitigate operational and financial impacts, and to assist the System's customers, including: (i) to assist customers through financial hardships that may occur as a result of the COVID-19 outbreak the City offered extended payment plans and waived late fees; and (ii) the City deferred disconnections of water and sewer services for non-payment during the COVID-19 related emergency in order to ensure that all residents could continue to have System services available to them. Although the City has ceased these measures, the City continues to work with its customers that are still feeling financial difficulties because of the COVID-19 outbreak. The measures taken by the City to date, and additional measures that may be taken in the future, may lead to the increase of uncollected accounts and the decrease of timely payments from System customers.

The City cannot predict (i) the duration or extent of the COVID-19 outbreak; (ii) whether and to what extent COVID-19 may have on the operations of the System and the revenues of the System; (iii) whether and to what extent COVID-19 may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact System-related construction, the cost, sources of funds, schedule or implementation of the System's capital improvement program, or other System operations; (iv) whether or to what extent the City and the System may provide additional deferrals, forbearances, adjustments or other changes to its customers or its billing and collection procedures; or (v) whether any of the foregoing may have a material adverse effect on the finances and operations of the System. As of the date of this Official Statement, the operations and revenues of the System have not been materially adversely affected by COVID-19 and the various local, state and federal actions taken in connection with COVID-19, but there is no guarantee that the System will not be materially adversely affected by such events in the future. Prospective investors should assume that the restrictions and limitations related to COVID-19, and the current upheaval to the national and global economies, may increase at least over the near term, recovery may be prolonged and, therefore, may have an adverse impact on System revenues.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the 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). The Bonds have not been approved or disapproved by the Securities and Exchange Commission, nor has the United States Securities and Exchange Commission passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the 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 Bonds are negotiable instruments, investment securities 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 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 Bonds be assigned a rating of at least "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 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 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 City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The City will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as Appendix C. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement or Notice of Sale, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the

provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

FINANCIAL ADVISOR

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

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

INITIAL PURCHASER

After requesting competitive bids for the Bonds, the City accepted the bid of _____ (the "Initial Purchaser") to purchase the Bonds at the prices shown on page 2 of the Official Statement. The Initial Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT

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

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

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

FORWARD-LOOKING STATEMENT DISCLAIMER

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

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related

to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MICHAEL EVANS

Mayor
City of Mansfield, Texas

ATTEST:

SUSANA MARIN

City Secretary

Schedule 1

SCHEDULE OF REFUNDED BONDS**Waterworks & Sewer System Revenue Bonds, Series 2009**

Original Dated Date	Original Maturity Date	Interest Rates	Principal	
			Refunded Amount	Redemption Date
12/1/2009	8/1/2021 ⁽¹⁾	4.000%	\$ 125,000	3/15/2021
	8/1/2023 ⁽¹⁾	4.000%	265,000	3/15/2021
	8/1/2025 ⁽¹⁾	4.100%	290,000	3/15/2021
	8/1/2027 ⁽¹⁾	4.250%	315,000	3/15/2021
	8/1/2030 ⁽¹⁾	4.500%	530,000	3/15/2021
			<u>\$ 1,525,000</u>	

(1) Represents a Term Bond with mandatory sinking fund payments on August 1 in the years 2021, 2023, 2025, 2027 and a final maturity on August 1, 2030..

**Waterworks & Sewer System Revenue Refunding and Improvement Bonds,
Series 2011**

Original Dated Date	Original Maturity Date	Interest Rates	Principal	
			Refunded Amount	Redemption Date
1/15/2011	8/1/2021	4.000%	\$ 920,000	3/15/2021
	8/1/2022	4.000%	955,000	3/15/2021
	8/1/2023	4.250%	470,000	3/15/2021
	8/1/2024	4.375%	490,000	3/15/2021
	8/1/2025	4.500%	510,000	3/15/2021
	8/1/2026	4.625%	535,000	3/15/2021
	8/1/2027	4.750%	560,000	3/15/2021
	8/1/2028	4.750%	585,000	3/15/2021
	8/1/2029	4.750%	615,000	3/15/2021
	8/1/2030	5.000%	645,000	3/15/2021
			<u>\$ 6,285,000</u>	

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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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 2021 population at 78,184 reflecting a 39% 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 (MEDC) has assisted over 165 companies in making Mansfield their home by providing over \$37.5 million in economic assistance. These companies have made cumulative capital investments of over \$890 million and created over 5,600 jobs in the City.

Since 2010, the MEDC has assisted 60 companies with increasing their presence in Mansfield; 25 expansions, 35 new developments and 8 road projects. The new developments include Straumann Manufacturing, Inc. a dental device manufacturing company who will invest over \$170 million in building a manufacturing facility and will create over 700 jobs. MEDC also assisted several company expansions, including Mouser Electronics who recently completed 127,000 SF of warehouse space and 50,000 SF corporate office for a total new investment of over \$25 million and 200 new employees. Klein Tools just completed construction of a new 200,000 SF distribution facility with a total investment of \$35 million and 125 jobs. MEDC also assisted with a 130,000+ SF neighborhood retail center including Market Street, a specialty grocery store, as the primary anchor.

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PRINCIPAL EMPLOYERS

Company	Product Line	Number of Employees
Mansfield Independent School District	Education	4,603
Mouser Electronics	Distribution of Electronics Parts	2,000
Methodist Mansfield Medical Center	Full Service Hospital	1,428
Klein Tools	Manufacturer of Hand Tool Products	554
Hoffman Cabinets	Cabinet Manufacturer	461
BCB Transport	Transportation Provider	435
Wal-Mart Super Center	Superstore	400
Kroger	Grocery Stores(2)	320
Super Target	Super center	250
SJ Louis Construction of TX.	Utility Contractor	225
Lifetime Fitness	Fitness Center	200
Walnut Creek Country Club	Country Club	190
Best Buy	Electronics Store	180
Kindred Hospital	Treatment Center	155
Sam's Club	Warehouse Store	150
IJAC	Automotive Air Conditioning Parts Distributor	148
Lowe's	Home Improvement Store	146
Home Depot	Home Improvement Store	145
Utex Industries	Manufacturer of Consumable Components for High Pressure Pumping Applications	138
Conveyors, Inc.	Manufacturer Conveyor Equipment	130
On The Border	Mexican Restaurant	125
Mauser Packaging	Producer of Injection Molded Plastic Buckets	125
Gamma Aerospace	CNC Machining	123
RJ Carroll	Telecommunications Contractor	115
Trinity Forge	Drop Forger	110
Master Meter	Manufactuer of Water Meters	108
Southern Champion Tray	Manufacturer of Paperboard Folding Cartons	106
Champion	RV Manufacturer	105
R1	Medical Billing	100
Ramtech Building Systems	Manufacturer of Modular Office Buildings	100
LyondellBasell/Equistar Chemicals	Manufacturer of Plastic Polymers used in Auto Industry	93
Hensley Attachments	Manufacturer of Excavator Buckets	87
Sellmark	Outdoor Products Manufacturer & Distributor	87
AM-C Warehouse	Cold Storage Facility	85
Oldcastle Precast	Manufacturer of Concrete Utility Products	80
Parker Hannifin	Manufacturer of Thermoplastic & Fluoropolymers	76
PCX Aerostructures	Manufacturer of Aeronautical Components	75
Lok-Mor	Manufacturer of Threaded Products	75
Martin Conveyor	Manufactuer of Screw Conveyors	72
Paragon	Manufactuer of Plastic Bottles	60
American Carton	Cartons	57
Drill King	Manufacturer of Drill Bits	54
Kimbrough Fire Extinguisher	Fire Protection Solutions	50
Sentry Processing	Rebar Sales & Fabrication	48
Engage Industrial Solutions	Sheet Metal & Structural Fabrication	40
New Tech Systems	Manufacturer of Electronic Pipe Inspection Systems	36

HISTORICAL EMPLOYMENT DATA (ANNUAL AVERAGE DATA) ⁽¹⁾

City of Mansfield	2020 ⁽²⁾	2019	2018	2017	2016
Labor Force	37,576	38,244	37,397	36,000	34,017
Employed	35,101	37,040	36,194	34,788	32,817
Unemployed	2,475	1,204	1,203	1,212	1,200
% Unemployment	6.6%	3.1%	3.2%	3.4%	3.5%

Tarrant County	2020 ⁽²⁾	2019	2018	2017	2016
Labor Force	1,072,941	1,082,571	1,059,957	1,036,343	1,010,694
Employed	992,126	1,046,916	1,023,016	997,799	970,542
Unemployed	80,815	35,655	36,941	38,544	40,152
% Unemployment	7.5%	3.3%	3.5%	3.7%	4.0%

(1) Source: Texas Employment Commission.

(2) Through September 2020.

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. Texas Health Resources will open a new full service hospital by December 2020.

The City addresses the needs of its citizens by offering many varied services to its residents. The police and fire departments employ 162 and 103 persons, respectively. Emergency ambulance service is also offered. Park and recreation facilities include 19 City parks consisting of 917 acres, 15 playgrounds, 30 athletic fields and over nine miles of running trails. The City also has one public library with approximately 102,241 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 one pre-kindergarten academy; 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; one early college high school; and one alternative school campus. Current enrollment for the District is approximately 35,485. The District employs a total of 4,684 personnel, of which 2,703 are classroom teachers or administrators. The District maintains pupil-teacher ratios of 22:1 for elementary, a 28:1 ratio for grades 5 through 12.

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 9/30	Commercial and Industrial		Residential		Grand Total
	Number	Amount	Number	Amount	
2016	55	\$ 73,855,151	396	\$ 185,334,922	\$ 259,190,073
2017	38	61,880,960	412	144,216,289	206,097,249
2018	44	92,342,272	598	231,982,881	324,325,153
2019	45	68,079,866	471	162,391,591	230,471,457
2020 ⁽¹⁾	92	312,449,253	758	266,028,479	578,477,732

(1) As of September 2020.

The following tables illustrate projects underway in the City as of September 30, 2020.

Estimate of Platted Residential Lots Available for Development			
Development	Number of Lots Remaining	Years To Build Out	Total Projected Population
Bower Ranch Ph 1-3	34	1.0	105
Britton Riness	7	2.0	22
Cypress Crossing	7	0.5	22
Dove Chase Ph 2	106	2.0	326
Forest Brook	46	1.0	142
Knott's Landing	28	1.5	86
Ladera at the Reserve Ph 1	89	2.0	274
Lake Park	23	1.5	71
Mill Valley	99	1.0	305
Pemberley Estates, Ph 1 & 2	19	1.0	59
Riverwalk	90	2.0	277
Rockwood	82	1.5	253
Seeton Estates	50	2.0	154
Silver Oak Ph 1	113	2.0	348
Southpointe Ph 1A & 1B	27	0.5	83
Southpointe Ph 2	26	1.0	80
Southpointe Ph 3	63	1.0	194
Southpointe Ph 4	178	2.0	548
Southpointe Ph 6a	16	0.5	49
Somerset Ph 2	114	1.5	351
The Oaks Preserve Ph 1	60	1.5	185
Triple Diamond Ranch Ph 1	115	2.5	354
Total	1,392		4,288

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Estimate of Preliminary Platted Residential Lots for Future

<u>Development</u>	<u>Number of Lots to be Developed</u>	<u>Total Projected Population</u>
Birdsong Ph 1	112	345
Birdsong Future Phases	422	1300
Colby Crossing Ph 2	46	142
Dolce Vita	277	853
Ladera at the Reserve Ph 2	70	216
Legacy Estates	28	86
Lone Star Ranch Ph 3	66	203
M3 Ranch Ph 1	402	1,238
Mansfield Webb Townhomes	19	59
Mitchell Farms	112	345
The Oaks Preserve Ph 2	149	459
Rockwood Addition Ph 2-4	358	1,103
Silver Oak Ph 2	79	243
Somerset Addition Ph 3	204	628
Somerset Addition Ph 4	204	628
Southpointe Ph 5	116	357
Southpointe Ph 7	180	554
Southpointe Ph 8A	125	385
Southpointe Ph 8B	93	286
Sunset Crossing	105	323
Triple Diamond Ranch Ph 2	61	188
The View at the Reserve	312	961
Watson Branch Ph 1	101	311
Watson Branch Ph 2	141	434
	<u>3,782</u>	<u>11,647</u>

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Estimate of Platted Commercial and Industrial Acreage Available for Development

<u>Development</u>	<u>Number of Acres</u>	<u>Uses</u>
Cannon Professional Plaza	3.950	Office
Community of Hope Add.	5.310	Retail
Creeside Plaza	1.650	Office
Enclave, The	2.520	Office
Fountainview Center	2.630	Office
Golden Acres	3.210	Retail/Commercial
Heritage Industrial Park	67.170	Commercial/Industrial
Heritage Estates	2.770	Retail/Commercial
Highland Heights	13.380	Office/Commercial
Hillcrest Addition	42.171	Commercial/Industrial
Hillcrest Business Park	1.940	Commercial/Industrial
Jacob Back Addition	1.179	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 Hospital Addition	0.690	Retail/Commercial
Mansfield Industrial Park East	2.860	Commercial/Industrial
Mansfield Marketplace	15.450	Retail/Commercial
Mansfield Medical Plaza	6.270	Office
Mansfield Town Center East	5.330	Retail/Commercial
Mansfield Town Center West	8.070	Retail/Commercial
McCaslin Business Park	13.594	Commercial/Industrial
Meyergreen Business Park	0.650	Commercial
Ritter-Meehan No. 1 Addition	1.000	Retail/Commercial
New Intermediate School South	7.520	Retail/Commercial
Sar Medical Plaza	1.780	Office
Sentry Industrial Park	16.240	Heavy Industrial
Stadium Plaza	4.870	Commercial/Automotive
Steadfast Heritage Center	3.170	Commercial/Industrial
The Shops at Broad Street	10.500	Retail/Commercial
TSC Addition	4.440	Commercial/Industrial
Tuscany at Walnut Creek	1.370	Office/Commercial
Village Off Broadway	9.991	Retail/Commercial
Walnut Creek Corner	4.460	Retail/Commercial
Walnut Creek Village Ph 2	1.630	Retail/Automotive
Weatherford Addition	1.570	Retail/Commercial
Total	<u>279.31</u>	

APPENDIX B

EXCERPTS FROM THE
CITY OF MANSFIELD, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2019

The information contained in this Appendix consists of excerpts from the City of Mansfield, Texas Annual Financial Report for the Year Ended September 30, 2019, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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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:

Report on the Financial Statements

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, 2019, 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, 2019, 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'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 was derived from and relates 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 6, 2020 on our consideration of the City'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 solely 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 the City's internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
February 6, 2020



Management's Discussion and Analysis

As management of the City of Mansfield, Texas (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, 2019. 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 \$465 million.
- The City recognized approximately \$155 million in revenue from various sources of taxes, services, and capital contributions and recognized approximately \$138 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 \$58 million. Approximately 29% of this \$58 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 \$17 million or 28% of total general fund expenditures.
- The City's total debt obligations decreased by \$3.41 million (1.42%) during the current fiscal year. This is from approximately \$13.8 million in new bond proceeds offset by \$17.2 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:

Certificates of Obligation of \$7.488 million for the purpose of street improvements and other public purposes.

Certificates of Obligation of \$1.300 million for the purpose of designing a fire station

Certificates of Obligation of \$.955 million for the purpose of downtown improvements.

Certificates of Obligation of \$.507 million for the purpose of restoring a historical building.

Certificates of Obligation of \$3.500 million for the purpose of land acquisition for parks.

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 and deferred outflows of resources less liabilities and deferred inflows of resources 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. The City has a public improvement district - South Pointe Public Improvement District. The City established the 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.

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 13 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 8 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 notes to the required supplementary information.

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 \$464,944,777 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (90.24%) 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	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other	\$ 69,936,605	\$ 69,318,983	\$ 52,476,271	\$ 48,975,014	\$ 122,412,876	\$ 118,293,997
Capital	434,803,657	424,290,267	202,839,592	198,684,457	637,643,249	622,974,724
Total assets	504,740,262	493,609,250	255,315,863	247,659,471	760,056,125	741,268,721
Deferred outflows:	20,231,266	9,498,826	7,282,378	5,373,449	27,513,644	14,872,275
Liabilities:						
Long-Term	248,227,826	227,281,180	60,201,546	62,733,505	308,429,372	290,014,685
Other	7,630,988	7,721,895	4,019,120	3,588,917	11,650,108	11,310,812
Total liabilities	255,858,814	235,003,075	64,220,666	66,322,422	320,079,480	301,325,497
Deferred inflows:	2,225,824	5,308,215	319,688	1,394,013	2,545,512	6,702,228
Net investment in capital assets	255,292,846	247,101,905	164,254,085	155,722,327	419,546,931	402,824,232
Restricted	37,150,376	36,285,740	13,689,966	13,197,895	50,840,342	49,483,635
Unrestricted	(25,556,332)	(20,590,859)	20,113,836	16,396,263	(5,442,496)	(4,194,596)
Total net position	\$ 266,886,890	\$ 262,796,786	\$ 198,057,887	\$ 185,316,485	\$ 464,944,777	\$ 448,113,271

As of September 30, 2019, a portion of the City's net position, \$50,840,342 or (10.93)% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of (\$5,442,496) is unavailable for use as this amount represents current and future uses of unrestricted assets. The current use and future use of assets, deficit balance, occurred from the implementation of the Government Accounting Standards Board's guidance on postemployment benefits. Total net position of the City is \$464,944,777.

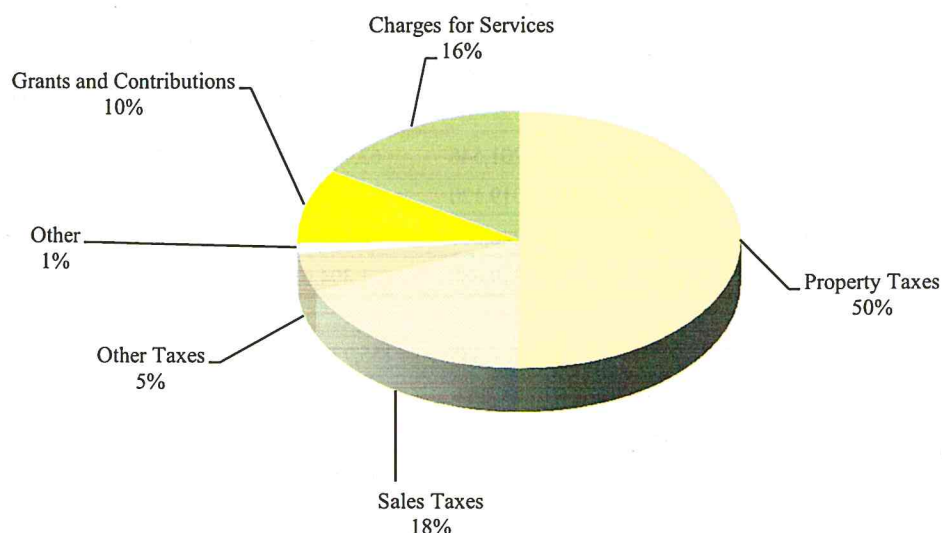
City's Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2019	2018	2019	2018	2019	2018
Beg - Net Position (adjusted)	\$ 262,796,786	\$ 247,216,976	\$ 185,316,485	\$ 169,310,140	\$ 448,113,271	\$ 416,527,116
Revenues	\$ 102,514,214	\$ 98,935,123	\$ 52,215,037	\$ 59,599,884	\$ 154,729,251	\$ 158,535,007
Expenses	99,182,904	84,945,120	38,714,841	42,003,732	137,897,745	126,948,852
Transfers, net	758,794	1,589,807	(758,794)	(1,589,807)	-	-
Net Change in Position	4,090,104	15,579,810	12,741,402	16,006,345	16,831,506	31,586,155
End - Net Position	\$ 266,886,890	\$ 262,796,786	\$ 198,057,887	\$ 185,316,485	\$ 464,944,777	\$ 448,113,271

Governmental Activities

City governmental activity revenue for fiscal year 2019 increased \$3.6 million from fiscal year 2018. Revenues in fiscal year 2018 were \$98.9 million compared to this fiscal year revenue of \$102.5 million. The increases were from new property taxes from new development, sales taxes, capital grants 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 2019.

Governmental Activities - Revenues by Source for fiscal year ending 2019



Expenses in fiscal year 2019 compared to expenses in fiscal year 2018 increased by 16.76% or \$14.2 million. The demand for services increased expenditures in fiscal 2019 compared to prior year. The increases occurred in public safety primarily due to added new personnel and this department represents 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 2019, the City recognized \$12.1 million in depreciation expense for street-related assets compared to \$11.5 in fiscal 2018. Street improvements are expected to last twenty-five years with the appropriate level of maintenance and repair. This year, the City spent over \$4.8 million in maintenance and repairs on its 630 plus miles of linear streets. The increase in depreciation expense and street maintenance comprises the bulk of the increase in the public works program.

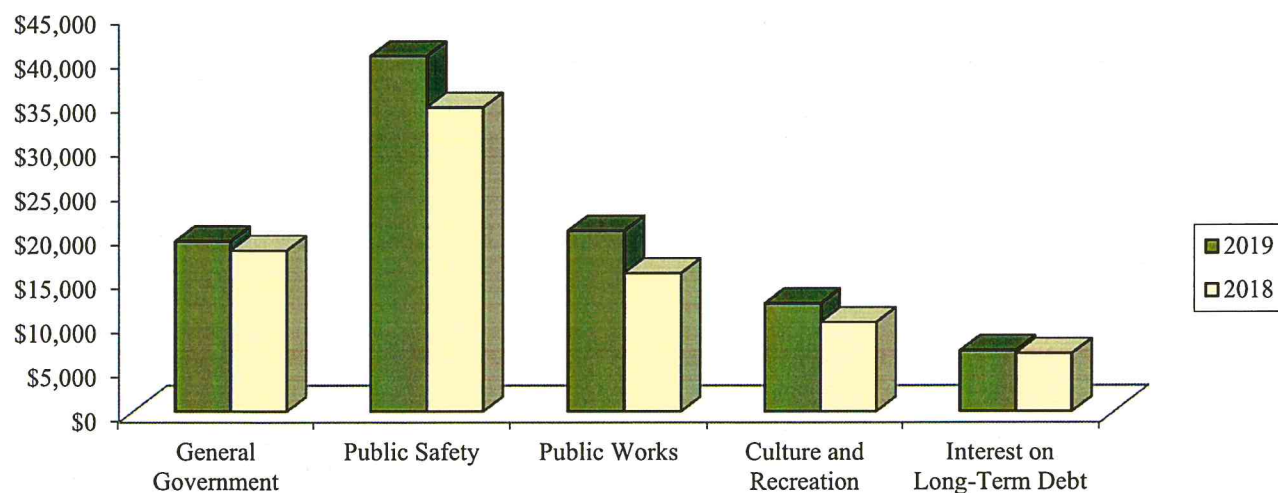
This year the City recognized \$6.9 million in interest, amortization and associated issuance costs. Interest expense is the cost the City incurs for borrowing money to make long-term improvements that are generally regarded as long-term assets of the City.

This fiscal year, the Governmental activities increased the City's net position by \$4.1 million. The increase in the City net position primarily occurred because of a decrease in capital contributions received by the City in the amount of \$2.9 million and an increase in all tax categories collected of \$6.8 million.

City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES -						
Program Revenues:						
Charges for Services	\$16,417,313	\$17,039,875	\$47,603,707	\$55,327,502	\$64,021,020	\$72,367,377
Operating Grants and Contributions	364,704	537,571	-	-	364,704	537,571
Capital Grants and Contributions	9,190,904	12,138,654	3,968,414	3,900,175	13,159,318	16,038,829
General Revenues:						
Property taxes	51,392,861	46,358,223	-	-	51,392,861	46,358,223
Sales taxes	18,724,296	17,397,040	-	-	18,724,296	17,397,040
Other taxes	5,096,239	4,667,455	-	-	5,096,239	4,667,455
Other	1,327,897	796,305	642,916	372,207	1,970,813	1,168,512
Total Revenues	102,514,214	98,935,123	52,215,037	59,599,884	154,729,251	158,535,007
EXPENSES -						
General government	19,297,584	18,218,204	-	-	19,297,584	18,218,204
Public safety	40,252,978	34,407,383	-	-	40,252,978	34,407,383
Public works	20,480,928	15,647,044	-	-	20,480,928	15,647,044
Culture and recreation	12,247,607	10,104,737	-	-	12,247,607	10,104,737
Interest on debt	6,903,807	6,567,752	-	-	6,903,807	6,567,752
Water and Sewer	-	-	29,855,512	29,153,375	29,855,512	29,153,375
Law Enforcement	-	-	7,478,718	11,509,861	7,478,718	11,509,861
Drainage	-	-	1,380,611	1,340,496	1,380,611	1,340,496
Total Expenses	99,182,904	84,945,120	38,714,841	42,003,732	137,897,745	126,948,852
Before transfers	3,331,310	13,990,003	13,500,196	17,596,152	16,831,506	31,586,155
TRANSFERS, net	758,794	1,589,807	(758,794)	(1,589,807)	-	-
Change in net position	4,090,104	15,579,810	12,741,402	16,006,345	16,831,506	31,586,155
Net Position, Beginning	262,796,786	247,216,976	185,316,485	169,310,140	448,113,271	416,527,116
Net Position, Ending	\$266,886,890	\$262,796,786	\$198,057,887	\$185,316,485	\$464,944,777	\$448,113,271

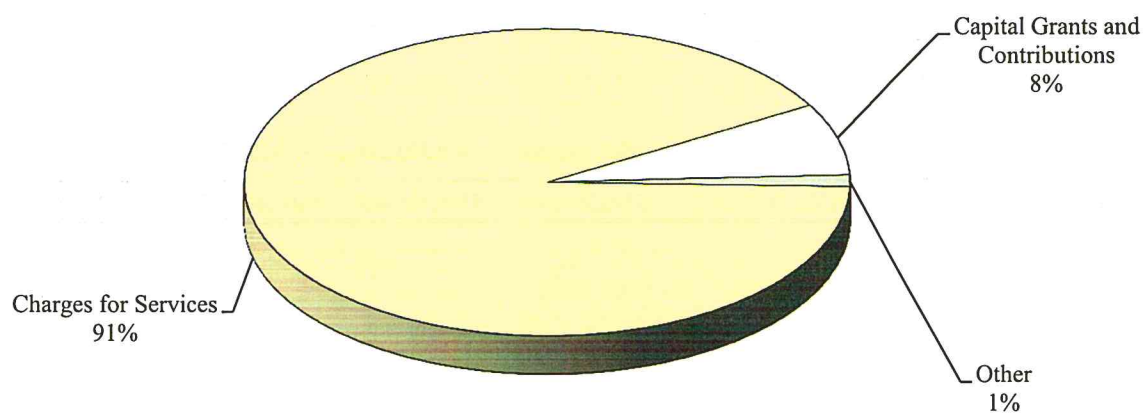
Governmental Activities – Expenses (in thousands)



Business-Type Activities

Revenues exceeded expenses for the City's business-type activities in fiscal year 2019. Total revenues including capital contributions were approximately \$52.2 million and total expenses including interest expense were approximately \$38.7 million while equity transfers were approximately (\$0.8) million which added approximately \$12.7 million to the Business-Type's net financial position. This increased the net position of the business-type activities from approximately \$185.3 million to approximately \$198.1 million by the end of fiscal year 2019.

Business-Type Activities – Revenues by Source for fiscal year ending 2019



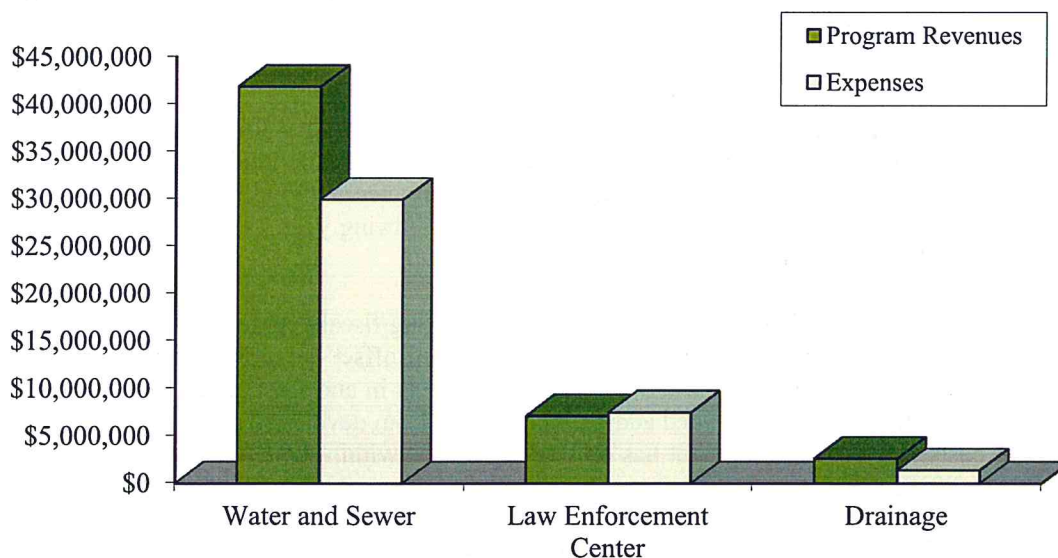
Comparatively, Business-Type Revenues exceeded prior year Business-Type Revenues by 12.39% or \$7.4 million. Revenues including capital contributions for fiscal year 2019 were approximately \$52.2 million and revenues including capital contributions for fiscal year 2018 were approximately \$59.6 million. Expenses including interest for fiscal year 2019 were approximately \$38.7 million before equity transfers of approximately \$0.8 million and expenses including interest expense for fiscal year 2018 were approximately \$42.0 million before equity transfers of approximately \$1.6 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 2019 was 14% 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 2019, developers contributed public improvements or assets of \$4.0 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 2019



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 \$58,387,132, an increase of \$1,051,437 in comparison with the prior year. The majority of the increase is from the borrowing of bond proceeds that were used to construct infrastructure and purchase equipment. Approximately 28.89% or \$16,870,818 of the ending fund balance of \$58,387,132 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) debt service or for future construction contracts, \$37,961,036; 2) for committed purposes, \$3,257,405, such as park improvements; and 3) for assigned purposes, \$297,873, 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 \$17,409,306. 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 approximately 29% of total general fund expenditures for fiscal year 2019.

The City's General Fund unassigned fund balance and fund balance increased \$380,329 in fiscal year 2019. The key reasons for the increases are as follows:

- Actual revenues exceeded actual expenditures by \$1,504,995 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 \$1,667,461 in fiscal year 2019.

The debt service fund has a fund balance of \$1,697,691, which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$409,227. 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 \$293,247 during fiscal year 2019. This fund's fund balance decreased as a result of bonds issued and contributions received offset by construction payments of \$8,478,598 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 \$2,329,198 in fiscal year 2019.

The building construction fund expended \$740,212 to finish the construction of the Stars Center recreational facilities and design other public facilities.

TIRZ #1 spent \$307,178 for infrastructure improvements in the tax increment reinvestment zone.

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 \$24,351,059, for the Law Enforcement Center amounted to (\$7,744,988), and for the Drainage Utility Fund amounted to \$3,507,765. 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 2019, Water and Sewer revenue decreased \$1,382,498 or 4.00%, despite an increase in new connects to the system and a water and sewer fee increase in fiscal year 2019. Weather also influences the system's revenue. Fiscal year 2019 was a fairly fairly wet and mild year in the North Texas area as the temperatures were considered to be a little below average. The result was a decrease 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 2019, the City distributed 4.7 billion gallons of water while billing customers for 4.0 billion gallons of water usage or 85.1% of the actual plant's production. In fiscal year 2018, the City billed for 4.7 billion gallons of water usage compared to actual plant production of 4.9 billion. Actual water and sewer revenue in fiscal year 2019 decreased compared to fiscal year 2018. Actual water and sewer revenue in 2019 was \$33.2 million compared to \$34.6 million in fiscal 2018. Demand for water in fiscal year 2019 was consistent with demand for water in fiscal year 2018 even though the total number of customers increased year over year by 448 new accounts. The water and sewer activity of the business-type activities produced operating income of \$9.6 million for fiscal year 2019 as compared to \$12.5 million in fiscal year 2018.
- Unrestricted net position increased in the Water and Sewer Fund by \$2,445,648. Operating expenses increased \$712,742 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 \$5,667,444 for raw water in fiscal year 2019 compared to \$5,287,359 in fiscal year 2018, and the City spent \$7,372,667 to treat the City wastewater in fiscal 2019 compared to \$6,862,364 in fiscal year 2018. The cost for raw water increased year over year by \$380,085 while the cost to treat used water increased year over year by \$510,303.
- The Law Enforcement Center Fund had an operating loss of \$350,993 this fiscal year. The operating loss is attributable to the loss of the Fort Worth contract in fiscal year 2019.
- The Drainage Utility Fund revenue had operating income of \$1,385,084 this fiscal year. Drainage Fees were \$2,630,320 and operating expenses excluding depreciation were \$1,083,807.

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 \$2,145,417 for fiscal year ended 2019:

- Property Taxes were below budgeted estimates by \$623,994 as collections were less than anticipated. Property valuations improved year over year which has improved overall property tax revenue compared to prior year; however, collections were anticipated to be greater than actual collections.
- Sales Taxes exceeded budgeted projections by \$370,771 as the effects of the national economy loosened its hold on consumer spending in Mansfield, Texas, during fiscal 2019. New development occurred in 2019 that created new sales tax collections as well.
- Licenses and permits exceeded budgeted estimates by \$274,323. The City's building permit revenues were above 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.
- Intergovernmental revenue was unexpected grant revenue that was awarded to the City in fiscal year 2019. The grant revenue was received by the City in fiscal year 2019 and used for purpose of public safety.
- Charges for services exceeded budgeted estimates by \$827,469 as the majority of the better than expected revenue was derived from the collections of fees for trash services within the City.
- The most significant expenditure of the City was human capital. Management has been effective in maintaining the human capital costs of the organization. The bonds issued include reimbursement of a prior period land purchase. 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 was within the overall budget of \$62,320,874 inclusive of all financial activity for the fiscal year 2019.

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, 2019 amounts to \$637,643,249 (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	
	2019	2018	2019	2018	2019	2018
Land	\$107,685,098	\$101,730,579	\$2,271,603	\$2,271,603	\$109,956,701	\$104,002,182
Buildings and system	92,575,924	90,651,980	146,944,961	136,987,744	239,520,885	227,639,724
Improvements	10,391,300	11,681,322	2,368,225	2,335,119	12,759,525	14,016,441
Machinery and equipment	9,922,077	9,930,276	1,669,371	1,611,757	11,591,448	11,542,033
Infrastructure	201,407,087	190,194,825	44,858,158	42,091,192	246,265,245	232,286,017
Construction in progress	12,822,171	20,101,285	4,727,274	13,387,042	17,549,445	33,488,327
Total	\$434,803,657	\$424,290,267	\$202,839,592	\$198,684,457	\$637,643,249	\$622,974,724

Governmental Capital Assets

Roadway expansion and improvements remain a primary element of the City's public works program. In 2019, 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 \$100 million in new street improvements over the next 10 years.

Street projects in fiscal year 2019:

- The City continued to improve Seeton Rd. and South Main St. Other road improvements include the completion of Debbie Lane from FM 157 to US 287.
- Several small arterial streets are under construction and design throughout neighborhoods.
- In total, the City spent \$8,478,598 in street improvements and related work during fiscal year 2019.

Most of the capital assets that were added to construction in progress or the asset base of the City during fiscal year 2019 were planned or budgeted expenditures during fiscal year 2019. 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 21% of the City's more than \$72 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 \$7.7 million on the drainage improvements as of September 30, 2019.

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 \$236,040,000. Of this amount, \$138,605,000 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 \$25,170,000 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
Security Instrument:				
Tax obligation bonds	\$ 138,115,000	\$ 490,000	\$ -	\$ 138,605,000
Sales tax revenue bonds	35,260,000	-	25,170,000	60,430,000
Revenue bonds	-	37,005,000	-	37,005,000
Total	<u>\$ 173,375,000</u>	<u>\$ 37,495,000</u>	<u>\$ 25,170,000</u>	<u>\$ 236,040,000</u>

The City's total debt increased \$3,410,000 or 1.42% during the current fiscal year. Key factors for the increase are from the issuance of additional bonds, which were offset by principal payments on existing outstanding debt. The City issued \$13,750,000 in new bonds proceeds. 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"	"Aa3"	"Aa2"
Standard & Poor's	"AAA"	"AA+"	"A+"	"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 2018/2019 Property Tax Rate was \$0.70950 per \$100 valuation with a tax margin of \$1.79050 per \$100 valuation based upon the maximum ad valorem tax rate noted above. Additional revenues up to \$125,882,614, per year could be raised before reaching the maximum allowable tax base on the current year's appraised net taxable value of \$7,030,584,424.

Economic Factors: Next Year's Budgets and Rates

The City Economy

- New residential construction is expected to add 1,217 units with approximately 712 single-family units in 2020. The City's tax year is one year in arrear; the housing starts in calendar year 2019 are for budget year or fiscal year 2021. The new development is expected to generate additional ad valorem tax for fiscal year 2021.
- The City's annual growth in property valuation has increased 6% annually on average for the past ten years. For fiscal years 2020 and 2021, the City's valuations are expected to increase 7.21% and 7.13%, respectively. Generally, the City has weathered the great recession and property valuations are expected to improve in fiscal 2020 and into 2021. 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 2020 and 2021. The expected budgeted sales tax receipts in 2020 are anticipated to exceed actual collections of 2019 by 4%. Management is monitoring the collections of sales tax revenue and may modify projections into 2020 depending upon the overall economy.
- Retail developments continue into 2020 and 2021. 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 of 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 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 incentives.

These variables were considered in preparing the City's budget for the 2020 fiscal year.

The City's 2020 General Fund Operating Revenue Budget increased approximately 9.51% or \$5.9 million over the fiscal year 2019 budget. Most of this revenue growth was from new development in the City that generated additional property tax and sales tax revenue. The tax rate is \$0.71 per \$100 in assessed valuation of property within the City limits for fiscal year 2020. Any additional appropriations made during fiscal year 2020 will be offset through the management of the operating expenditures of the General Fund during the course of fiscal year 2020.

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 817-276-4296.

City of Mansfield, Texas
Statement of Net Position
As of September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	MEDC
ASSETS				
Cash and cash equivalents and investments	\$ 63,086,138	\$ 30,625,588	\$ 93,711,726	\$ 3,477,165
Receivables (net of allowance for uncollectibles)	4,710,190	7,216,657	11,926,847	488,327
Lease receivable	2,140,277	-	2,140,277	-
Inventories	-	1,083,447	1,083,447	-
Restricted assets:				
Cash and cash equivalents and investments	-	13,550,579	13,550,579	6,538,977
Capital assets (net of accumulated depreciation):				
Land	107,685,098	2,271,603	109,956,701	10,272,190
Buildings and systems	92,575,924	146,944,961	239,520,885	-
Improvements other than buildings	10,391,300	2,368,225	12,759,525	90,976
Machinery and equipment	9,922,077	1,669,371	11,591,448	-
Infrastructure	201,407,087	44,858,158	246,265,245	-
Construction in progress	12,822,171	4,727,274	17,549,445	17,573,278
Subtotal capital assets	434,803,657	202,839,592	637,643,249	27,936,444
Total assets	504,740,262	255,315,863	760,056,125	38,440,913
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	3,289,904	865,698	4,155,602	30,559
Deferred OPEB contributions	31,975	9,787	41,762	240
Deferred investment losses	6,285,867	1,177,656	7,463,523	25,369
Deferred assumption changes	48,092	17,996	66,088	830
Deferred actuarial experience	7,934,328	2,453,781	10,388,109	73,646
Deferred loss on refunding	2,641,100	2,757,460	5,398,560	120,384
Total deferred outflows of resources	20,231,266	7,282,378	27,513,644	251,028
LIABILITIES				
Accounts payable and other current liabilities	7,630,988	1,487,384	9,118,372	68,556
Liabilities payable from restricted assets	-	2,531,736	2,531,736	-
Noncurrent liabilities:				
Due within one year	14,792,596	4,624,004	19,416,600	1,813,893
Due in more than one year	174,890,015	38,810,577	213,700,592	24,362,116
Net pension liability	25,641,058	6,724,309	32,365,367	235,863
Net OPEB liability	31,986,834	9,789,743	41,776,577	239,492
Total OPEB liability - SDBF	917,323	252,913	1,170,236	8,842
Total liabilities	255,858,814	64,220,666	320,079,480	26,728,762
DEFERRED INFLOWS OF RESOURCES				
Prepaid rent	1,413,333	-	1,413,333	-
Deferred assumption changes	812,491	305,610	1,118,101	7,196
Deferred gain on refunding	-	14,078	14,078	-
Total deferred inflows of resources	2,225,824	319,688	2,545,512	7,196
NET POSITION				
Net investment in capital assets	255,292,846	164,254,085	419,546,931	7,829,590
Restricted for:				
Debt Service	1,404,167	3,904,565	5,308,732	229,457
Capital Projects	35,746,209	9,785,401	45,531,610	-
Unrestricted	(25,556,332)	20,113,836	(5,442,496)	3,896,936
Total net position	\$ 266,886,890	\$ 198,057,887	\$ 464,944,777	\$ 11,955,983

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

City of Mansfield, Texas
Statement of Activities
For the Year Ended September 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Position			
					Governmental Activities	Primary Government Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 19,297,584	\$ 7,130,290	\$ -	\$ -	\$ (12,167,294)	\$ -	\$ (12,167,294)	\$ -
Public safety	40,252,978	3,528,325	360,564	71,000	(36,293,089)	-	(36,293,089)	-
Public Works	20,480,928	2,804,854	-	9,119,904	(8,556,170)	-	(8,556,170)	-
Culture and recreation	12,247,607	2,953,844	4,140	-	(9,289,623)	-	(9,289,623)	-
Interest on long-term debt	6,903,807	-	-	-	(6,903,807)	-	(6,903,807)	-
Total governmental activities	99,182,904	16,417,313	364,704	9,190,904	(73,209,983)	-	(73,209,983)	-
Business-type activities:								
Water	21,021,441	25,051,932	-	1,969,445	-	5,999,936	5,999,936	-
Sewer	8,834,071	12,805,588	-	1,998,969	-	5,970,486	5,970,486	-
Law enforcement center	7,478,718	7,113,585	-	-	-	(365,133)	(365,133)	-
Drainage	1,380,611	2,632,602	-	-	-	1,251,991	1,251,991	-
Total business-type activities	38,714,841	47,603,707	-	3,968,414	-	12,857,280	12,857,280	-
Total primary government	\$ 137,897,745	\$ 64,021,020	\$ 364,704	\$ 13,159,318	\$ (73,209,983)	\$ 12,857,280	\$ (60,352,703)	\$ -
Component units:								
MEDC	5,565,761	919	3,054,050	-	-	-	-	(2,510,792)
Total component units	\$ 5,565,761	\$ 919	\$ 3,054,050	\$ -	\$ -	\$ -	\$ -	\$ (2,510,792)
General revenues:								
Property taxes					51,392,861	-	51,392,861	-
Sales taxes					18,724,296	-	18,724,296	6,247,275
Franchise taxes					4,093,063	-	4,093,063	-
Mixed drink taxes					277,793	-	277,793	-
Hotel/Motel taxes					725,383	-	725,383	-
Unrestricted investment earnings					1,119,147	642,916	1,762,063	99,815
Gas royalty income					156,588	-	156,588	-
Gain/(loss) on sale of capital assets					52,162	-	52,162	(269,513)
Transfers					758,794	(758,794)	-	-
Total general revenues					77,300,087	(115,878)	77,184,209	6,077,577
Change in net position					4,090,104	12,741,402	16,831,506	3,566,785
Net position beginning					262,796,786	185,316,485	448,113,271	8,389,198
Net position ending					\$ 266,886,890	\$ 198,057,887	\$ 464,944,777	\$ 11,955,983

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

City of Mansfield, Texas
Balance Sheet
Governmental Funds
As of September 30, 2019

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash, cash equivalents, and investments	\$ 16,589,570	\$ 1,697,691	\$ 25,083,308	\$ 4,358,226	\$ 3,708,239	\$ 11,649,104	\$ 63,086,138
Receivables (net of allowance for uncollectibles)	3,609,061	125,557	-	-	24,581	950,991	4,710,190
Due from other funds	558,010	-	-	-	-	-	558,010
Total assets	<u>\$ 20,756,641</u>	<u>\$ 1,823,248</u>	<u>\$ 25,083,308</u>	<u>\$ 4,358,226</u>	<u>\$ 3,732,820</u>	<u>\$ 12,600,095</u>	<u>\$ 68,354,338</u>
LIABILITIES AND FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES							
Liabilities:							
Accounts payable	\$ 1,218,750	\$ -	\$ 662,537	\$ 690,883	\$ 769,745	\$ 685,255	\$ 4,027,170
Due to other funds	-	-	-	-	-	558,010	558,010
Accrued liabilities	1,297,348	-	8,713	-	-	1,039,510	2,345,571
Retainage payable	-	-	189,699	-	-	132,331	322,030
Unearned revenue	831,237	125,557	-	-	-	1,757,631	2,714,425
Total liabilities	<u>3,347,335</u>	<u>125,557</u>	<u>860,949</u>	<u>690,883</u>	<u>769,745</u>	<u>4,172,737</u>	<u>9,967,206</u>
Fund balances:							
Restricted	\$ -	\$ 1,697,691	\$ 24,222,359	\$ 3,667,343	\$ 2,963,075	\$ 5,410,568	\$ 37,961,036
Committed	-	-	-	-	-	3,257,405	3,257,405
Assigned	200,786	-	-	-	-	97,087	297,873
Unassigned	17,208,520	-	-	-	-	(337,702)	16,870,818
Total fund balances	<u>17,409,306</u>	<u>1,697,691</u>	<u>24,222,359</u>	<u>3,667,343</u>	<u>2,963,075</u>	<u>8,427,358</u>	<u>58,387,132</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,756,641</u>	<u>\$ 1,823,248</u>	<u>\$ 25,083,308</u>	<u>\$ 4,358,226</u>	<u>\$ 3,732,820</u>	<u>\$ 12,600,095</u>	

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.	434,803,657
Lease receivables in the governmental activities are not financial resources and, therefore, are not reported in the funds.	2,140,277
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,301,092
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	<u>(229,745,268)</u>

Net position of governmental activities \$ 266,886,890

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, 2019

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	\$ 33,966,793	\$ 15,525,781	\$ -	\$ -	\$ 1,384,189	\$ 430,151	\$ 51,306,914
Sales	12,494,551	-	-	-	-	6,229,745	18,724,296
Franchise	4,093,063	-	-	-	-	-	4,093,063
Mixed drink	277,793	-	-	-	-	-	277,793
Hotel/motel	-	-	-	-	-	725,383	725,383
Licenses and permits	2,260,191	-	-	-	-	150,423	2,410,614
Intergovernmental	599,725	-	1,120,808	-	-	71,000	1,791,533
Charges for services	5,537,205	-	-	-	-	1,819,618	7,356,823
Fines	1,727,667	-	-	-	-	152,644	1,880,311
Interest earnings	589,290	10,777	293,577	36,470	33,543	155,490	1,119,147
Contributions and donations	-	-	-	-	-	109,902	109,902
Impact fees	-	-	2,329,198	-	-	620,500	2,949,698
Miscellaneous	1,009,032	14,967	7,818	-	-	73,533	1,105,350
Total revenues	62,555,310	15,551,525	3,751,401	36,470	1,417,732	10,538,389	93,850,827
EXPENDITURES							
Current:							
General government	15,635,490	-	-	-	307,178	1,147,674	17,090,342
Public safety	36,353,285	-	-	-	-	84,858	36,438,143
Public works	4,689,809	-	3,054,050	-	-	-	7,743,859
Culture and recreation	4,197,037	-	-	21,669	-	5,021,496	9,240,202
Debt service:							
Principal	-	9,540,000	-	-	-	1,670,000	11,210,000
Interest	-	5,579,980	-	-	-	1,484,395	7,064,375
Fiscal charges	-	22,318	-	-	-	3,500	25,818
Bond issuance cost	-	-	97,344	35,906	-	48,322	181,572
Capital outlay:							
Land	-	-	-	822,455	-	5,162,166	5,984,621
Highways and streets	-	-	8,478,598	-	-	-	8,478,598
Buildings	-	-	-	740,212	-	786,582	1,526,794
Improvements other than buildings	-	-	-	-	-	1,227,046	1,227,046
Equipment	174,694	-	-	10,125	-	1,203,033	1,387,852
Total expenditures	61,050,315	15,142,298	11,629,992	1,630,367	307,178	17,839,072	107,599,222
Excess (deficiency) of revenues over (under) expenditures	1,504,995	409,227	(7,878,591)	(1,593,897)	1,110,554	(7,300,683)	(13,748,395)
OTHER FINANCING SOURCES (USES)							
Transfers in	1,963,663	-	-	481,223	-	2,050,381	4,495,267
Transfers out	(3,187,154)	-	-	-	(296,200)	(253,119)	(3,736,473)
Sale of city property	98,825	-	-	-	-	13,463	112,288
Bonds issued	-	-	7,488,000	2,762,000	-	3,500,000	13,750,000
Premium on bonds issued	-	-	97,344	35,906	-	45,500	178,750
Total other financing sources and uses	(1,124,666)	-	7,585,344	3,279,129	(296,200)	5,356,225	14,799,832
Net change in fund balances	380,329	409,227	(293,247)	1,685,232	814,354	(1,944,458)	1,051,437
Fund balances - beginning	17,028,977	1,288,464	24,515,606	1,982,111	2,148,721	10,371,816	57,335,695
Fund balances - ending	\$ 17,409,306	\$ 1,697,691	\$ 24,222,359	\$ 3,667,343	\$ 2,963,075	\$ 8,427,358	\$ 58,387,132

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, 2019

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

Net change in fund balances total governmental funds	\$ 1,051,437
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.	1,727,724
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	8,785,666
Lease revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue in the funds.	439,999
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(674,566)
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.	8,326,459
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	5,408,372
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 Liability less the Plan Fiduciary Net Position.	(20,974,987)
Changes in net position of governmental activities	\$ 4,090,104

City of Mansfield, Texas
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-Type Activities Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 26,792,196	\$ 105,058	\$ 3,728,334	\$ 30,625,588
Accounts receivable (net of allowance for uncollectibles)	6,287,382	567,208	362,067	7,216,657
Inventories	1,057,302	26,145.00	-	1,083,447
Current assets	34,136,880	698,411	4,090,401	38,925,692
Current restricted assets:				
Cash and cash equivalents	13,252,081	216,436	82,062	13,550,579
Total current assets	47,388,961	914,847	4,172,463	52,476,271
Noncurrent assets:				
Capital assets:				
Land	186,976	234,528	1,850,099	2,271,603
Buildings and systems	245,041,748	7,363,784	7,725,501	260,131,033
Improvements other than buildings	138,950	2,688,591	-	2,827,541
Machinery and equipment	4,012,230	1,332,776	393,535	5,738,541
Construction in progress	4,712,809	-	14,465	4,727,274
Less accumulated depreciation	(65,597,500)	(5,789,043)	(1,469,857)	(72,856,400)
Total capital assets (net of accumulated depreciation)	188,495,213	5,830,636	8,513,743	202,839,592
Total noncurrent assets	188,495,213	5,830,636	8,513,743	202,839,592
Total assets	235,884,174	6,745,483	12,686,206	255,315,863
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	364,615	465,082	36,001	865,698
Deferred OPEB contributions	4,297	5,091	399	9,787
Deferred investment losses	689,351	414,144	74,161	1,177,656
Deferred assumption changes	5,863	11,705	428	17,996
Deferred actuarial experience	1,011,900	1,349,279	92,602	2,453,781
Deferred loss on refunding	2,638,327	-	119,133	2,757,460
Total deferred outflows of resources	4,714,353	2,245,301	322,724	7,282,378
LIABILITIES				
Current liabilities:				
Accounts payable	1,104,870	118,338	47,428	1,270,636
Compensated absences	325,677	342,601	16,573	684,851
Accrued liabilities	93,808	106,762	16,178	216,748
Current liabilities	1,524,355	567,701	80,179	2,172,235
Current liabilities payable from restricted assets:				
Customer deposits payable	1,555,672	3,362	-	1,559,034
Revenue bonds payable	3,461,961	-	432,503	3,894,464
Certificates of obligation payable	-	44,689	-	44,689
Accrued interest payable	785,091	2,448	-	787,539
Retainage payable	117,991	-	5,126	123,117
Accrued liabilities	-	62,046	-	62,046
Current liabilities payable from restricted assets	5,920,715	112,545	437,629	6,470,889
Total current liabilities	7,445,070	680,246	517,808	8,643,124
Noncurrent liabilities:				
Compensated absences	433,582	1,078,555	27,838	1,539,975
General obligation bonds payable (net of unamortized discounts)	-	442,720	-	442,720
Revenue bonds payable (net of deferred amount on refunding)	34,508,084	-	2,319,798	36,827,882
Total OPEB liability - SDBF	106,471	134,769	11,673	252,913
Net OPEB liability	4,298,243	5,092,347	399,153	9,789,743
Net pension liability	2,929,016	3,563,664	231,629	6,724,309
Total noncurrent liabilities	42,275,396	10,312,055	2,990,091	55,577,542
Total liabilities	49,720,466	10,992,301	3,507,899	64,220,666
DEFERRED INFLOWS OF RESOURCES				
Deferred assumption changes	111,429	186,253	7,928	305,610
Deferred gain on refunding	-	14,078	-	14,078
Total deferred inflows of resources	111,429	200,331	7,928	319,688
NET POSITION (DEFICIT)				
Net investment in capital assets	153,163,492	5,329,151	5,761,442	164,254,085
Restricted for debt service	3,661,056	19,613	223,896	3,904,565
Restricted for capital projects	9,591,025	194,376	-	9,785,401
Unrestricted	24,351,059	(7,744,988)	3,507,765	20,113,836
Total net position	\$ 190,766,632	\$ (2,201,848)	\$ 9,493,103	\$ 198,057,887

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, 2019

	Business-type Activities Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 20,401,003	\$ -	\$ -	\$ 20,401,003
Sewer charges	12,805,588	-	-	12,805,588
Drainage fees	-	-	2,630,320	2,630,320
Housing services	-	6,749,005	-	6,749,005
Other services	4,650,929	364,580	2,282	5,017,791
Total operating revenues	<u>37,857,520</u>	<u>7,113,585</u>	<u>2,632,602</u>	<u>47,603,707</u>
Operating expenses:				
Costs of sales and services	19,342,805	6,422,122	197,795	25,962,722
Administration	4,220,376	805,121	886,012	5,911,509
Depreciation	4,681,516	237,335	163,711	5,082,562
Total operating expenses	<u>28,244,697</u>	<u>7,464,578</u>	<u>1,247,518</u>	<u>36,956,793</u>
Operating income (loss)	<u>9,612,823</u>	<u>(350,993)</u>	<u>1,385,084</u>	<u>10,646,914</u>
Nonoperating revenues (expenses):				
Interest earnings	620,381	-	22,535	642,916
Interest expense	(1,610,815)	(14,140)	(133,093)	(1,758,048)
Total nonoperating revenue (expenses)	<u>(990,434)</u>	<u>(14,140)</u>	<u>(110,558)</u>	<u>(1,115,132)</u>
Income (loss) before contributions and transfers	8,622,389	(365,133)	1,274,526	9,531,782
Capital contributions	3,968,414	-	-	3,968,414
Transfers in (out)	(1,667,461)	908,667	-	(758,794)
Change in net position	<u>10,923,342</u>	<u>543,534</u>	<u>1,274,526</u>	<u>12,741,402</u>
Total net position - beginning	<u>179,843,290</u>	<u>(2,745,382)</u>	<u>8,218,577</u>	<u>185,316,485</u>
Total net position- ending	<u>\$ 190,766,632</u>	<u>\$ (2,201,848)</u>	<u>\$ 9,493,103</u>	<u>\$ 198,057,887</u>

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, 2019

	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	\$ 37,051,567	\$ 7,076,376	\$ 2,610,765	\$ 46,738,708
Payments to suppliers	(18,050,420)	(1,361,652)	(515,517)	(19,927,589)
Payments to employees	(5,103,635)	(7,461,830)	(477,417)	(13,042,882)
Net cash provided by (used in) operating activities	13,897,512	(1,747,106)	1,617,831	13,768,237
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to/from other funds	(1,667,461)	908,667	-	(758,794)
Net cash provided by (used in) capital and related financing activities	(1,667,461)	908,667	-	(758,794)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(4,960,853)	(32,115)	(276,315)	(5,269,283)
Principal paid on capital debt	(3,875,000)	(50,000)	(420,000)	(4,345,000)
Interest paid on capital debt	(1,714,707)	(15,684)	(111,770)	(1,842,161)
Net cash used in capital and related financing activities	(10,550,560)	(97,799)	(808,085)	(11,456,444)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	620,381	-	22,535	642,916
Net cash provided by investing activities	620,381	-	22,535	642,916
Net increase (decrease) in cash and cash equivalents	2,299,872	(936,238)	832,281	2,195,915
Cash and cash equivalents, October 1	37,744,405	1,257,732	2,978,115	41,980,252
Cash and cash equivalents, September 30 (including \$13,252,081; \$216,436; and \$82,062 for the Water and Sewer fund, Law Enforcement Center fund, and Drainage Utility fund, respectively, reported in restricted accounts)	\$ 40,044,277	\$ 321,494	\$ 3,810,396	\$ 44,176,167
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 9,612,823	\$ (350,993)	\$ 1,385,084	\$ 10,646,914
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	4,681,516	237,335	163,711	5,082,562
(Increase) in accounts receivable	(845,137)	(37,209)	(21,837)	(904,183)
(Increase) in inventories	(394,919)	(6,240)	-	(401,159)
Increase (decrease) in accounts payable	843,229	(1,589,999)	90,873	(655,897)
Total adjustments	4,284,689	(1,396,113)	232,747	3,121,323
Net cash provided by (used in) operating activities	\$ 13,897,512	\$ (1,747,106)	\$ 1,617,831	\$ 13,768,237
Noncash capital activities:				
Contributions of capital assets from developers	\$ 3,968,414	\$ -	\$ -	\$ 3,968,414

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, 2019

	<u>Agency</u>
ASSET	
Cash and cash equivalents	\$3,781,949
Total assets	<u>\$3,781,949</u>
LIABILITIES	
Insurance payable	\$3,781,949
Total liabilities	<u>\$3,781,949</u>

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

CITY OF MANSFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

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 #1) - The City and the City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of the TIRZ #1. The TIRZ #1 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 #1 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 #1 as it is a 3,100-acre tract of land that is in three Counties. The TIRZ #1 does not issue separate financial statements, as the TIRZ #1 is included as a major fund of the City. The TIRZ #1 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 #1, which are owned and maintained by the City.

Mansfield Tax Increment Financing Reinvestment Zone Number Two (TIRZ #2) - The City and the City's management maintain significant influence and responsibility in the approval of programs, expenditures, and obligations of the TIRZ #2. The TIRZ #2 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 #2 was established to revitalize the City's Historic Downtown area, which includes 317 developed acres. The TIRZ #2 does not issue separate financial statements, as the TIRZ #2 is included as a non-major fund of the City. The TIRZ #2 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 #2, 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.

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 #1 fund. 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 \$3,968,414 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 \$8,845,792.

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 one financial institution.

For fiscal year 2019, 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. The non-spendable portion of the fund balance is provided equal to the amount of inventory, as the amount is not available for expenditure.

3. Prepaid Items:

Payments made to vendors for services that will benefit future periods are recorded as prepaid items. 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 capital assets are recorded at acquisition cost at 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 2019.

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 six items that qualify for this category. Deferred pension/OPEB 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 gains/losses are the differences in the projected and actual earnings on the pension/OPEB assets. This difference is deferred and amortized over a closed five year period. Deferred actuarial 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 assumption changes are differences arising from a change in actuarial assumptions and are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred loss 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. Unavailable revenue is only reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

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, 2019, the liability for accrued vacation was \$9,829,599. The amount applicable to the Proprietary Funds of \$2,224,826 and the MEDC of \$74,073 have been recorded in these funds, and the amount applicable to other funds of \$7,530,700 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, 2019, the City allocated \$147,980 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 60 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. Net OPEB/Total OPEB - SDBF liabilities are the liabilities of postemployment benefits provided to employees separately from a pension plan. Net OPEB liabilities are funded through an irrevocable trust while Total OPEB - SDBF liabilities are not.

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 the expenditure is incurred for purposes for which an amount in the committed, assigned, or unassigned amounts could be used. The City considers expenditures 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 the 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 #1	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Restricted:							
Debt service reserve	-	1,697,691	-	-	-	-	1,697,691
Parks debt service reserve	-	-	-	-	-	517,136	517,136
Street construction/improvements	-	-	24,222,359	-	-	-	24,222,359
Municipal building improvements	-	-	-	3,667,343	-	-	3,667,343
Parks and recreation	-	-	-	-	-	3,188,598	3,188,598
Other capital projects	-	-	-	-	2,963,075	-	2,963,075
Equipment /other purposes	-	-	-	-	-	1,451,406	1,451,406
COPS Grant	-	-	-	-	-	102,481	102,481
JAG Grant	-	-	-	-	-	71,000	71,000
Court seizure fund	-	-	-	-	-	77,911	77,911
Public infrastructure	-	-	-	-	-	2,036	2,036
Committed:							
Tree mitigation	-	-	-	-	-	27,461	27,461
Parks and recreation	-	-	-	-	-	1,755,398	1,755,398
Tourism promotion	-	-	-	-	-	992,477	992,477
Court security and technology	-	-	-	-	-	408,039	408,039
Animal control	-	-	-	-	-	74,030	74,030
Assigned:							
Permits	200,786	-	-	-	-	-	200,786
Library	-	-	-	-	-	97,087	97,087
Unassigned:	17,208,520	-	-	-	-	(337,702)	16,870,818
Total fund balances	17,409,306	1,697,691	24,222,359	3,667,343	2,963,075	8,427,358	58,387,132

The deficit fund balance in TIRZ #2, included in other governmental funds, will be satisfied with future TIRZ fund revenues or a subsidy from the General Fund.

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 \$229,745,268 difference are as follows:

Bonds payable	173,375,000
Premium on issuance of bonds	9,678,865
Discounts on issuance of bonds	(901,954)
Deferred loss on refunding	(2,641,100)
Accrued interest payable	936,217
Compensated absences	7,530,700
Deferred pension contributions	(3,289,904)
Deferred OPEB contributions	(31,975)
Deferred investment losses	(6,285,867)
Deferred assumption changes	(48,092)
Net pension liability	25,641,058
Net OPEB liability	31,986,834
Total OPEB liability - SDBF	917,323
Deferred pension expense	(7,934,328)
Deferred assumption changes	812,491
Net adjustment to reduce fund balance – total governmental funds to arrive at net position– governmental activities	<u>\$229,745,268</u>

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 \$1,727,724 difference are as follows:

Capital outlay	\$18,604,911
Depreciation expense	<u>(16,877,187)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,727,724</u>

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 \$8,785,666 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	<u>\$ 8,785,666</u>
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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 \$439,999 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.

\$439,999

Another element of that reconciliation states that "revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds". The (\$674,566) 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.

(\$ 674,566)

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 \$8,326,459 difference are as follows:

Changes in deferred pension contributions	\$ 200,035
Changes in deferred OPEB contributions	(1,733,282)
Changes in deferred investment losses	3,879,886
Changes in deferred actuarial expense	6,300,979
Changes in deferred assumption changes	(8,619)
Changes in deferred loss on refunding	<u>(312,540)</u>

Net adjustment to increase net changes in fund balances – total
governmental funds to arrive at changes in net position of governmental
activities

\$ 8,326,459

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 (\$5,408,372) difference are as follows:

Changes in deferred investment gains	(\$5,141,868)
Changes in deferred assumption changes	<u>(266,504)</u>

Net adjustment to decrease net changes in fund balances – total
governmental funds to arrive at changes in net position of governmental
activities

\$ (5,408,372)

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 \$(20,974,987) difference are as follows:

Debt issued or incurred:

Issuance of general obligation bonds
Premium on issuance of bonds

\$ (13,750,000)
(178,750)

Accrued interest payable	(28,341)
Amortization of premiums/discounts	708,839
Compensated absences	(230,488)
Principal payments or payments to escrow agent	11,210,000
Change in net pension liability	(13,542,483)
Change in net OPEB liability	(4,995,875)
Change in total OPEB liability - SDBF	<u>(167,889)</u>

Net adjustment to decrease net changes in fund balances – total
governmental funds to arrive at changes in net position of governmental
activities \$ (20,974,987)

III. Detailed Notes on All Funds

A. Deposits and Investments

As of September 30, 2019, the primary government had cash and cash equivalents of \$42,305,420 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	<u>\$64,956,885</u>	<u>0.08</u>

As of September 30, 2019, the Mansfield Economic Development Corporation had cash and cash equivalents of \$5,552,706 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	<u>4,463,436</u>	<u>0.08</u>

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, 2019, 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, 2019, the City's investments are held in Bank of America Merrill Lynch Money Market Mutual Fund; and TexStar Participant Services. These investments are 35.92%; and 63.41% 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, 2019 consisted of the following:

	Governmental Funds				
	General	Debt Service	TIRZ #1	Non-major	Total
Receivables:					
Property Taxes	\$ 837,496	\$ 481,376	\$ -	\$ -	\$1,318,872
Accounts	10,006,572	-	24,581	950,991	10,982,144
Gross Receivables	10,844,068	481,376	24,581	950,991	12,301,016
Less: Allowance for					
Uncollectible	(7,235,007)	(355,819)	-	-	(7,590,826)
Net Total Receivables	\$ 3,609,061	\$ 125,557	\$ 24,581	\$ 950,991	\$ 4,710,190

	Proprietary Funds			
	Water & Sewer	Law Enforcement	Drainage Utility	Total
Receivables:				
Accounts	\$7,324,955	\$567,208	\$ 438,103	\$8,330,266
Other	150,024	-	-	150,024
Gross Receivables	7,474,979	567,208	438,103	8,480,290
Less: Allowance for Uncollectible	(1,187,597)	-	(76,036)	(1,263,633)
Net Total Receivables	<u>\$6,287,382</u>	<u>\$567,208</u>	<u>\$362,067</u>	<u>\$7,216,657</u>

The MEDC has a receivable in the amount of \$488,327 as of September 30, 2019.

C. Capital Assets

Capital asset activity for the year ended September 30, 2019 is as follows:

Governmental activities:	Sept 30, 2018	Increases	Decreases	Sept 30, 2019
Capital assets, not being depreciated:				
Land	\$ 101,730,579	\$ 5,984,621	\$ (30,102)	\$ 107,685,098
Construction in progress	20,101,285	10,817,979	(18,097,093)	12,822,171
Total capital assets, not being depreciated	121,831,864	16,802,600	(18,127,195)	120,507,269
Capital assets, being depreciated:				
Buildings	104,520,682	3,512,538	-	108,033,220
Other improvements	27,760,820	741,781	-	28,502,601
Machinery and equipment	27,741,124	1,123,991	(221,946)	28,643,169
Infrastructure	383,685,076	23,354,778	-	407,039,854
Total capital assets, being depreciated	543,707,702	28,733,088	(221,946)	572,218,844
Less accumulated depreciation for:				
Buildings	(13,868,702)	(1,588,594)	-	(15,457,296)
Other improvements	(16,079,498)	(2,031,803)	-	(18,111,301)
Machinery and equipment	(17,810,848)	(1,114,274)	204,030	(18,721,092)
Infrastructure	(193,490,251)	(12,142,516)	-	(205,632,767)
Total accumulated depreciation	(241,249,299)	(16,877,187)	204,030	(257,922,456)
Total capital assets being depreciated, net	302,458,403	11,855,901	(17,916)	314,296,388
Governmental activities capital assets, net	<u>\$ 424,290,267</u>	<u>\$ 28,658,501</u>	<u>\$ (18,145,111)</u>	<u>\$ 434,803,657</u>

Business-type activities:	Sept 30, 2018	Increases	Decreases	Sept 30, 2019
Capital assets, not being depreciated:				
Land	\$ 2,271,603	\$ -	\$ -	\$ 2,271,603
Construction in progress	13,387,042	4,257,199	(12,916,967)	4,727,274
Total capital assets, not being depreciated	15,658,645	4,257,199	(12,916,967)	6,998,877
Capital assets, being depreciated:				
Buildings and systems	182,385,773	13,433,258	-	195,819,031
Improvements other than buildings	2,751,409	76,132	-	2,827,541
Machinery and equipment	5,442,788	442,274	(146,521)	5,738,541
Infrastructure	60,343,588	3,968,414	-	64,312,002
Total capital assets, being depreciated	250,923,558	17,920,078	(146,521)	268,697,115
Less accumulated depreciation for:				
Buildings and systems	(45,398,029)	(3,476,041)	-	(48,874,070)
Improvements other than buildings	(416,290)	(43,026)	-	(459,316)
Machinery and equipment	(3,831,031)	(362,047)	123,908	(4,069,170)
Infrastructure	(18,252,396)	(1,201,448)	-	(19,453,844)
Total accumulated depreciation	(67,897,746)	(5,082,562)	123,908	(72,856,400)
Total capital assets being depreciated, net	183,025,812	12,837,516	(22,613)	195,840,715
Business-type activities capital assets, net	\$ 198,684,457	\$ 17,094,715	\$ (12,939,580)	\$202,839,592

D. Capital assets continued

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

Governmental Activities:	
General Government	\$ 1,230,747
Public Safety	1,191,169
Public Works	12,217,645
Culture and Recreation	2,237,626
Total Depreciation Expense – Governmental Activities	<u>\$16,877,187</u>

Business-Type Activities:	
Water and Sewer	\$ 4,681,516
Law Enforcement Center	237,335
Drainage Utility Fund	163,711
Total Depreciation Expense – Business-Type Activities	<u>\$ 5,082,562</u>

Construction Commitments

The general government had outstanding commitments at September 30, 2019, under authorized construction contracts of approximately \$1,791,552. 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, 2019, under authorized construction contracts of approximately \$1,629,319. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The Water and Sewer Fund had outstanding commitments at September 30, 2019, under authorized construction contracts of approximately \$12,100,691. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The Drainage Fund had no outstanding commitments at September 30, 2019.

Discretely Presented Component Unit

Activity for the MEDC for the year ended September 30, 2019 was as follows:

Mansfield Economic Development Corporation:	Sept 30, 2018	Increases	Decreases	Sept 30, 2019
Capital assets, not being depreciated:				
Land	\$ 12,325,640	\$ -	\$ (2,053,450)	\$ 10,272,190
Construction in progress	15,822,820	1,750,458	-	17,573,278
Total capital assets, not being depreciated	28,148,460	1,750,458	(2,053,450)	27,845,468
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	(73,220)	(3,052)	-	(76,272)
Machinery and equipment	(72,312)	-	-	(72,312)
Total accumulated depreciation	(145,532)	(3,052)	-	(148,584)
Total capital assets being depreciated, net	94,028	(3,052)	-	90,976
MEDC capital assets, net	\$ 28,242,488	\$ 1,747,406	\$ (2,053,450)	\$ 27,936,444

The MEDC had no outstanding commitments at September 30, 2019.

E. Deferred Outflows and Inflows of Resources

The City has five items that qualify for this category. Deferred pension/OPEB 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/OPEB assets. This difference is deferred and amortized over a closed five year period. Deferred actuarial 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 assumption changes are differences arising from a change in actuarial assumptions and are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred loss 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 are differences arising from a change in actuarial assumptions and are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred gain on refunding is 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. Prepaid rent is rent paid in advance for the Stars Center. This balance is amortized monthly according to the contract. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. Due to/Due from

The composition of the due to/due from balances as of September 30, 2019 is as follows:

Fund	Due to	Due from
General Fund	\$558,010	\$ -
TIRZ #2	-	558,010
TOTAL	\$558,010	\$558,010

G. Interfund Transfers

The composition of interfund balances as of September 30, 2019 is as follows:

Fund	Transfers In	Transfers Out
General Fund	\$1,963,663	\$3,187,154
Building Construction	481,223	-
MPFDC	697,876	12,739
Parks Construction	12,739	240,380
Equipment Replacement	1,339,766	-
Law Enforcement Center	908,667	-
TIRZ #1	-	296,200
Water and Sewer Fund	-	1,667,461
TOTAL	\$5,403,934	\$5,403,934

The General Fund received a transfer from the Water and Sewer Fund for a payment-in-lieu of taxes, in the amount of \$1,667,461, 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 capital 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 2041, 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 \$44,353 at September 30, 2019.

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 \$25,866 at September 30, 2019.

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 were 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 were 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 \$0 at September 30, 2019.

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 were 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 \$432,902 at September 30, 2019.

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 \$1,261,928 at September 30, 2019.

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 \$216,754 at September 30, 2019.

In 2017, the City issued \$18,975,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2017, for the purpose of construction of street improvements and building improvements. The bonds of \$18,975,000 plus premiums of \$696,455 and less issuance costs of \$171,455 will be used to construct and design street improvements and to purchase equipment.

In 2017, the City issued \$2,960,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2017, for the purpose of construction of a public recreational facility. The bonds of \$2,960,000 less discounts of \$19,340 and less issuance costs of \$85,660 will be used to construct and design a public recreational ice skating facility.

In 2018, the City issued \$15,960,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2018, for the purpose of construction of street improvements, land acquisition, purchase of equipment and building improvements. The bonds of \$15,960,000 plus premiums of \$1,060,344 and less

issuance and discount costs of \$264,140 will be used to construct and design street improvements, land acquisition, purchase equipment and building improvements.

In 2019, the City issued \$13,750,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2019. The bonds of \$13,750,000 plus premiums of \$178,750 and less issuance costs of \$175,750 will be used for the purpose of construction of street improvements, land acquisition, purchase of equipment, and building improvements.

As of September 30, 2019 there was \$-0- of defeased debt outstanding related to the General Obligation Bonds.

The total amount of deferred loss on refunding for the governmental bonds was \$2,641,100 at September 30, 2019.

General obligation debt outstanding at September 30, 2019 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2009 GO Refunding	3.00% to 4.00%	2022	10,400,000	2,480,000
2011 GO Refunding	2.00% to 4.00%	2022	9,730,000	1,935,000
2011 CO	2.00% to 5.00%	2025	3,090,000	2,125,000
2012 GO Refunding	2.00% to 3.13%	2025	5,855,000	4,870,000
2012 CO	2.00% to 4.00%	2032	3,415,000	2,470,000
2012A CO	3.49% to 4.65%	2032	3,075,000	2,265,000
2013 CO	2.00% to 4.00%	2033	5,335,000	4,055,000
2013 GO Refunding	2.00% to 4.00%	2025	4,200,000	2,565,000
2013A GO Refunding	2.00% to 3.00%	2023	2,880,000	1,325,000
2014 CO	2.50% to 4.38%	2034	16,500,000	13,880,000
2014A CO	2.00% to 4.13%	2034	1,255,000	1,055,000
2015 CO	2.00% to 5.00%	2035	15,870,000	13,470,000
2015 GO Refunding	4.00% to 5.00%	2027	11,700,000	7,190,000
2016 GO Refunding	1.35% to 3.71%	2028	3,770,000	3,105,000
2016 CO	2.00% to 5.00%	2036	13,705,000	12,315,000
2016 GO	2.00% to 5.00%	2036	14,885,000	13,360,000
2016A CO	1.25% to 3.90%	2041	2,960,000	2,780,000
2017 CO	3.00% to 5.00%	2037	18,975,000	17,735,000
2018 CO	3.00% to 4.00%	2038	15,960,000	15,385,000
2019 CO	3.00% to 4.00%	2039	13,750,000	13,750,000
TOTAL				\$138,115,000

Annual debt service requirements to maturity for general obligation debt, including interest of \$45,747,044, are as follows:

Fiscal Year	Principal	Interest	Total
2020	9,925,000	5,432,275	15,357,275
2021	9,825,000	5,068,487	14,893,487
2022	9,535,000	4,701,274	14,236,274
2023	9,120,000	4,331,806	13,451,806
2024	9,490,000	3,966,030	13,456,030
2025-2029	40,470,000	14,351,669	54,821,669
2030-2034	33,800,000	6,649,866	40,449,866
2031-2039	15,595,000	1,231,694	16,826,694
2040-2044	355,000	13,943	368,943
TOTAL	\$138,115,000	\$45,747,044	\$183,862,044

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 2018, the City issued \$2,325,000 in Revenue Improvements Bonds, Taxable Series 2018 for the purpose of construction and equipping a public recreational facility. The bonds of \$2,325,000 plus premiums of \$126,944 less discounts of \$15,767 and less issuance costs of \$86,177 will be used to construct and design an administrative building.

In 2018, the City issued \$3,785,000 in Revenue Improvements Bonds, Series 2018 for the purpose of construction of an administrative building. The bonds of \$3,785,000 less discounts of \$29,113 and less issuance costs of \$105,887 will be used to construct and equip a public recreational ice skating facility.

As of September 30, 2019 there was \$-0- of defeased debt outstanding related to the Sales Tax Revenue Bonds.

Special Sales Tax Revenue and Revenue Refunding Bonds outstanding at September 30, 2019 are as follows:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2012	2.00% to 3.25%	2024	4,995,000	1,630,000
2016	2.00% to 4.00%	2035	6,775,000	5,580,000
2016	1.05% to 4.83%	2040	14,930,000	14,215,000
2016A	1.50% to 2.95%	2041	8,295,000	7,810,000
2018	3.00% to 4.00%	2043	2,325,000	2,275,000
2018	2.54% to 4.35%	2043	3,785,000	3,750,000
TOTAL				<u>\$35,260,000</u>

Debt service requirements to maturity for Special Sales Tax Revenue Bonds, including interest of \$16,156,608, are as follows:

Fiscal Year	Principal	Interest	Total
2020	1,815,000	1,344,861	3,159,861
2021	1,855,000	1,298,358	3,153,358
2022	1,910,000	1,247,861	3,157,861
2023	1,965,000	1,192,847	3,157,847
2024	2,030,000	1,134,077	3,164,077
2025-2029	7,860,000	4,725,388	12,585,388
2030-2034	7,245,000	3,329,494	10,574,494
2035-2039	7,785,000	1,675,867	9,460,867
2040-2044	2,795,000	207,855	3,002,855
TOTAL	<u>\$35,260,000</u>	<u>\$16,156,608</u>	<u>\$51,416,608</u>

Changes in long-term liabilities

Long-term debt activity for the year ended September 30, 2019 was as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 133,905,000	\$ 13,750,000	\$ (9,540,000)	\$ 138,115,000	\$ 9,925,000
Sales Tax Revenue Bonds	36,930,000	-	(1,670,000)	35,260,000	1,815,000
Deferred Amounts:					
Premiums	10,300,959	178,750	(800,844)	9,678,865	757,977
Discounts	(993,959)	-	92,005	(901,954)	(84,654)
Total bonds payable	180,142,000	13,928,750	(11,918,839)	182,151,911	12,413,323
Compensated absences	7,300,212	2,297,623	(2,067,135)	7,530,700	2,379,273
Total	\$ 187,442,212	\$ 16,226,373	\$ (13,985,974)	\$ 189,682,611	\$ 14,792,596
Net Pension Liability	\$ 12,098,574	\$ 13,542,484	\$ -	\$ 25,641,058	
Net OPEB Liability	26,990,959	10,523,911	(5,528,036)	31,986,834	
Total OPEB Liability - SDBF	749,435	222,108	(54,220)	917,323	
Total pension & OPEB liabilities	\$ 39,838,968	\$ 24,288,503	\$ (5,582,256)	\$ 58,545,215	

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 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 \$57,757 at September 30, 2019.

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 \$69,406 at September 30, 2019.

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 \$261,171 at September 30, 2019.

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 \$2,249,993 at September 30, 2019.

The total amount of defeased debt outstanding related to Water/Sewer Bonds as of September 30, 2019 was \$0-.

The total amount of deferred loss on refunding for the water and sewer revenue bonds was \$2,638,327 at September 30, 2019.

Water and sewer fund debt outstanding at September 30, 2019 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2009	3.00% to 4.50%	2030	\$2,585,000	\$1,645,000
2011	2.00% to 5.00%	2030	13,995,000	7,180,000
2012	2.00% to 3.00%	2023	2,320,000	890,000
2015	2.00% to 5.00%	2027	9,540,000	3,730,000
2016	2.00% to 5.00%	2035	24,510,000	20,815,000
TOTAL				<u>\$34,260,000</u>

Debt service requirements to maturity for water and sewer fund debt, including interest of \$9,721,919, are as follows:

Fiscal Year	Principal	Interest	Total
2020	3,180,000	1,554,834	4,734,834
2021	3,300,000	1,435,871	4,735,871
2022	3,440,000	1,291,871	4,731,871
2023	3,065,000	1,141,034	4,206,034
2024	2,970,000	1,002,709	3,972,709
2025-2029	15,010,000	2,898,025	17,908,025
2030-2034	2,840,000	379,375	3,219,375
2035-2039	455,000	18,200	473,200
TOTAL	<u>\$34,260,000</u>	<u>\$9,721,919</u>	<u>\$43,981,919</u>

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 \$14,078 at September 30, 2019.

Law Enforcement Center Fund debt outstanding at September 30, 2019 comprises the following issue:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2016 GO	1.35% to 3.71%	2028	595,000	490,000
TOTAL				<u>\$490,000</u>

Debt service requirements to maturity for Law Enforcement Center debt, including interest of \$78,170, are as follows:

Fiscal Year	Principal	Interest	Total
2020	45,000	14,685	59,685
2021	50,000	13,538	63,538
2022	50,000	12,210	62,210
2023	55,000	10,729	65,729
2024	50,000	9,177	59,177
2025-2029	240,000	17,831	257,831
TOTAL	<u>\$490,000</u>	<u>\$78,170</u>	<u>\$568,170</u>

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 \$119,133 at September 30, 2019.

The total amount of deferred loss on refunding for the Drainage Utility bonds was \$119,133 at September 30, 2019.

Drainage Utility Fund debt outstanding at September 30, 2019 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	\$1,095,000
2012	2.00% to 3.13%	2024	3,740,000	1,650,000
TOTAL				<u>\$2,745,000</u>

Debt service requirements to maturity for Drainage Utility debt, including interest of \$371,073, are as follows:

Fiscal Year	Principal	Interest	Total
2020	430,000	97,070	527,070
2021	440,000	79,750	519,750
2022	460,000	66,710	526,710
2023	475,000	52,175	527,175
2024	490,000	36,238	526,238
2025-2029	450,000	39,130	489,130
TOTAL	<u>\$2,745,000</u>	<u>\$371,073</u>	<u>\$3,116,073</u>

Changes in business-type activity debt

A summary of business-type activity debt transactions, including activity for the year ended September 30, 2019, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Water/Sewer Revenue Bonds	\$ 38,135,000	\$ -	\$ (3,875,000)	\$ 34,260,000	\$ 3,180,000
LEC Certificates of Obligation	540,000	-	(50,000)	490,000	45,000
Drainage Utility Revenue Bonds	3,165,000	-	(420,000)	2,745,000	430,000
Deferred Amounts:					
Premiums	4,236,142	-	(304,965)	3,931,177	304,965
Discounts	(237,234)	-	20,812	(216,422)	(20,812)
Total bonds payable	45,838,908	-	(4,629,153)	41,209,755	3,939,153
Compensated absences	2,006,344	813,488	(595,006)	2,224,826	684,851
Total	<u>\$ 47,845,252</u>	<u>\$ 813,488</u>	<u>\$ (5,224,159)</u>	<u>\$ 43,434,581</u>	<u>\$ 4,624,004</u>
Net Pension Liability	\$ 4,319,257	\$ 2,405,052	\$ -	\$ 6,724,309	
Net OPEB Liability	10,299,773	1,181,853	(1,691,885)	9,789,741	
Total OPEB Liability - SDBF	269,223	115,494	(131,804)	252,913	
Total pension & OPEB liabilities	<u>\$ 14,888,253</u>	<u>\$ 3,702,399</u>	<u>\$ (1,823,689)</u>	<u>\$ 16,766,963</u>	

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 $\frac{1}{2}$ 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 \$36,149 at September 30, 2019.

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 \$84,233 at September 30, 2019.

In 2017, the City issued \$14,125,000 in Revenue Improvements Bonds, Series 2017 for the purpose of construction of a public recreational facility. The bonds of \$14,125,000 plus premiums of \$1,141,332, less discounts of \$84,063 and less issuance costs of \$182,270 will be used to construct and design street improvements and building improvements.

In 2018, the City issued \$6,200,000 in Revenue Improvements Bonds, Series 2018 for the purpose of land acquisition and infrastructure improvements. The bonds of \$6,200,000, less discounts of \$44,099 and less issuance costs of \$155,902 will be used for land acquisition and infrastructure improvements.

There was \$-0- of outstanding defeased debt as September 30, 2019.

The total amount of deferred loss on refunding for the MEDC bonds was \$120,384 at September 30, 2019.

MEDC debt outstanding at September 30, 2019 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	\$2,190,000
2015A	0.50% to 3.55%	2024	5,630,000	2,935,000
2015	2.00% to 4.00%	2024	2,880,000	1,520,000
2016	2.00% to 4.00%	2036	14,125,000	12,450,000
2018	2.52% to 4.29%	2038	6,200,000	6,075,000
TOTAL				\$25,170,000

Debt service requirements to maturity for MEDC debt, including interest of \$8,294,592, are as follows:

Fiscal Year	Principal	Interest	Total
2020	1,740,000	911,126	2,651,126
2021	1,795,000	868,484	2,663,484
2022	1,850,000	810,857	2,660,857
2023	1,905,000	748,848	2,653,848
2024	1,980,000	680,028	2,660,028
2025-2029	5,775,000	2,611,617	8,386,617
2030-2034	6,550,000	1,391,980	7,941,980
2035-2039	3,575,000	271,652	3,846,652
TOTAL	\$25,170,000	\$8,294,592	\$33,464,592

Changes in MEDC Debt

A summary of MEDC debt transactions, including activity for the year ended September 30, 2019, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
MEDC Revenue Bonds	\$ 26,775,000	\$ -	\$ (1,605,000)	\$ 25,170,000	\$ 1,740,000
Deferred Amounts:					
Premiums	1,164,062	-	(66,653)	1,097,409	66,653
Discounts	(178,867)	-	13,394	(165,473)	(13,394)
Total bonds payable	27,760,195	-	(1,658,259)	26,101,936	1,793,259
Compensated absences	64,305	27,695	(17,927)	74,073	20,634
Total Noncurrent Liabilities	\$ 27,824,500	\$ 27,695	\$ (1,676,186)	\$ 26,176,009	\$ 1,813,893
Net Pension Liability	\$ 192,212	\$ 43,651	\$ -	\$ 235,863	
Net OPEB Liability	217,548	63,333	(41,389)	239,492	
Total OPEB Liability - SDBF	12,059	39,786	(43,003)	8,842	
Total pension & OPEB liabilities	\$ 421,819	\$ 146,770	\$ (84,392)	\$ 484,197	

I. Restricted Assets

The restricted assets of the Business-type Activities as of September 30, 2019 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	\$4,446,147	\$8,805,934	\$ -	\$13,252,081
Law Enforcement Complex	22,060	10,482	183,894	216,436
Drainage Utility	82,062	-	-	82,062
TOTAL	\$4,550,269	\$8,816,416	\$183,894	\$13,550,579

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, 2019, 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 participates as one of 887 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 2017	Plan Year 2018
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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	196
Inactive employees entitled to but not yet receiving benefits	185
Active employees	486
Total	867

Contributions:

The contribution rates for employees in TMRS is 7% of employee gross earnings, and the city matching percentage is 14.95%, 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 were required to contribute 7% of their gross earnings during the fiscal year. The contribution rates for the City were 14.94% and 14.95% in calendar years 2018 and 2019 respectively. The City's contributions to TMRS as of September 30, 2019 were \$5,672,743 and were equal to the required contributions.

Net Pension Liability:

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2018 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 female 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 Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both 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, 2018, 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 EAN actuarial cost method. Assumptions are reviewed annually. 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). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
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 the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$ 160,939,483	\$ 144,329,440	\$ 16,610,043
Changes for the year:			
Service Cost	6,781,902	-	6,781,902
Interest	10,919,655	-	10,919,655
Change in benefit terms	-	-	-
Difference between expected and actual experience	2,214,327	-	2,214,327
Changes of assumptions	-	-	-
Contributions - employer	-	5,679,463	(5,679,463)
Contributions - employee	-	2,661,060	(2,661,060)
Net investment income	-	(4,327,905)	4,327,905
Benefit payments, including refunds of employee contributions	(5,115,537)	(5,115,537)	-
Administrative expense	-	(83,556)	83,556
Other changes	-	(4,365)	4,365
Net changes	\$ 14,800,347	\$ (1,190,840)	\$ 15,991,187
Balance at 12/31/2018	\$ 175,739,830	\$ 143,138,600	\$ 32,601,230

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

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

	1% Decrease in Discount Rate (5.75%)		1% Increase in Discount Rate (7.75%)	
City's net pension liability (asset)	\$	60,432,763	\$	32,601,230
			\$	9,999,191

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, 2019, the City recognized expense of \$8,856,150.

At September 30, 2019 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

	Recognition Period (or Amortization yrs)	Total (Inflow) or Outflow of Resources	2019 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
<u>Due to Liabilities:</u>				
2014 Difference in expected and actual experience actuarial (gains) or losses	2.9001	\$ 30,492	\$ 10,515	\$ 19,977
2015 Difference in expected and actual experience actuarial (gains) or losses	3.7300	\$ 89,860	\$ 24,091	65,769
2016 Difference in expected and actual experience actuarial (gains) or losses	4.7900	\$ 1,387,711	\$ 289,710	1,098,001
2017 Difference in expected and actual experience actuarial (gains) or losses	5.7300	\$ 734,942	\$ 128,262	606,680
2018 Difference in expected and actual experience actuarial (gains) or losses	6.4200	\$ 2,214,327	\$ 344,911	1,869,416
			<u>\$ 797,489</u>	<u>\$ 3,659,843</u>
2015 Difference in assumption changes	3.7300	(371,347)	(99,557)	(271,790)
			<u>\$ (99,557)</u>	<u>\$ (271,790)</u>
<u>Due to Assets:</u>				
2014 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	1.000	250,457	250,457	-
2015 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	2.000	2,952,125	1,476,062	1,476,063
2016 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	3.000	(8,614)	(2,872)	(5,742)
2017 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	4.000	(7,062,550)	(1,765,638)	(5,296,912)
2018 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	5.000	14,070,142	2,814,028	11,256,114
			<u>\$ 2,772,037</u>	<u>\$ 7,429,523</u>
Total				<u>\$ 10,817,576</u>

\$4,186,161 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 fiscal year ending September 30, 2020. 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
2020	\$ 3,219,513
2021	1,742,399
2022	1,756,186
2023	3,516,074
2024	438,543
Thereafter	144,861
Total	<u>\$10,817,576</u>

K. Supplemental Death Benefits

The City also participates in the single-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. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust meeting the criteria in paragraph 4 of GASB Statement No. 75). TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	155
Inactive employees entitled to but not yet receiving benefits	38
Active employees	<u>486</u>
Total	679

Contributions:

The contribution rates for employees in SDBF is .02% of employee gross earnings, and the city matching percentages is .15%, 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 EAN actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance 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.

Employees for the City were required to contribute .02% of their gross earnings during the fiscal year. The contribution rates for the City were .15% and .15% in calendar years 2018 and 2019 respectively. The City's contributions to SDBF as of September 30, 2019 were \$56,361 and were equal to the required contributions.

Total OPEB Liability - SDBF:

The City's total OPEB Liability - SDBF was measured and determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions:

The total OPEB Liability - SDBF in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year, including inflation
Discount rate	3.71%, based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018
Retirees' share of benefit-related costs	\$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates- disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the total OPEB liability - SDBF:

	Total OPEB Liability (SDBF)
Balance at 12/31/2017	\$ 1,030,717
Changes for the year:	
Service Cost	57,023
Interest	34,935
Differences between expected and actual experience	145,354
Changes in assumptions or other inputs	(81,348)
Benefit payments*	(7,603)
Net changes	148,361
Balance at 12/31/2018	\$ 1,179,078

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

Sensitivity of the total OPEB liability - SDBF to changes in the discount rate:

The following presents the total OPEB liability - SDBF of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability - SDBF would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability -SDBF	\$ 1,400,162	\$ 1,179,078	\$ 1,008,727
OPEB Plan Fiduciary Net Position:			

Detailed information about the 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.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (SDBF):

For the year ended September 30, 2019, the City recognized expense of \$110,998.

At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Outflows and Inflows - Current and Future Expense

Due to Liabilities:	Recognition Period (or Amortization yrs)	Total Remaining (Inflow) or Outflow of Resources	2019 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
2018 Change in assumptions	8.0400	\$ (81,348)	\$ (10,118)	\$ (71,230)
2017 Change in assumptions	7.0400	77,997	11,079	66,918
2018 Difference in expected and actual experience	8.0400	145,354	18,079	127,275
			<u>\$ 19,040</u>	<u>\$ 122,963</u>

\$42,002 was reported as deferred outflows of resources related to OPEB (SDBF) resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability - SDBF for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB (SDBF) will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2020	\$ 19,040
2021	19,040
2022	19,040
2023	19,040
2024	19,040
Thereafter	27,763
Total	<u>\$ 122,963</u>

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 health care plan. The City established by ordinance a single-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.

Employees

At the time of the actuarial valuation, the City had 484 active plan members and 93 retired plan members receiving benefits. Of the retired members, 40 had less than 20 years of service and 53 had more than 20 years of service.

Contributions

Participants included in the actuarial valuation include retirees and survivors, and active employees who may be eligible to participate in the Plan upon retirement. Eligible retired employees participating in the City's Retiree Health Insurance Plan pay their premiums directly to the City. Expenditures for post-retirement healthcare and other benefits are recognized monthly and funded into the irrevocable trust. The City funds 100% of the actuarially determined contribution (ADC), which approximates the annual OPEB cost, and totaled \$4,820,000 for the fiscal year ended September 30, 2019.

Net OPEB Liability

The City's net OPEB liability (NOL) was measured as of June 30, 2019 and the total OPEB liability (TOL) - SDBF used to calculate the NOL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The NOL in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial method	Entry Age Normal
Discount rate	7.0% per annum. The plan is funded in an irrevocable trust maintained by the plan sponsor. The City has, on average, made contributions the last five years that, if continued in this fashion, the plan will always be sufficiently funded to pay benefits due.
Inflation	2.5% per annum
Mortality	RP-2014 Mortality Table with Improvement Scale MP-2018
Marriage Assumptions	3-year spouse age difference with females assumed 3 years younger than males. 25% of participants eligible for future post-employment benefits are assumed to have an eligible spouse electing to receive plan benefits. For

	retired members, we have used actual marital status, as provided, and assumed all such spouses are receiving plan benefits.
Health-care cost trend rates	7% in year 1 graded downward ½% per year to 4.5% in year 6 & later
Post-65 premium reductions	It is assumed that employer-subsidized premiums will be reduced by two-thirds after age 65 due to Medicare eligibility.
Assumed utilization	75% of eligible future retirees are assumed to elect plan benefits
Changes in assumptions	We have changed the mortality table improvement scale from MP-2017 to MP-2018.
Salary rate	3% per annum

Retirement Rate

Attained Age	Rates per 100 Participants
50	3.00
51-54	1.50
55-57	7.50
58-59	10.00
60	25.00
61-64	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

The plan's policy in regard to the allocation of invested assets is established by the City Council. The target asset allocation policy is 50% equity investments, 45% fixed income investments, and 5% cash. The long-term expected rate of return on plan investments used in the valuation was determined using a building-block method in which the City's best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the City's expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The City's best estimates of geometric real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50%	3.6%
Fixed Income	45%	0.9%
Cash	5%	0.0%
Inflation	N/A	2.5%
Total	100%	7.0%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Positon (b)	Net OPEB Liability (a) - (b)
Balance at 6/30/2018	\$48,772,103	\$ 11,263,823	\$37,508,280
Changes for the year:			
Service Cost	568,220	-	568,220
Interest	3,333,223	-	3,333,223
Difference between expected and actual experience	8,760,461	-	8,760,461
Contributions - employer	-	7,261,311	(7,261,311)
Benefit payments	(2,441,311)	(2,441,311)	-
Net investment income	-	959,456	(959,456)
Administrative expense	-	(66,652)	66,652
Net changes	10,220,593	5,712,804	4,507,789
Balance at 6/30/2019	\$58,992,696	\$ 16,976,627	\$42,016,069

Sensitivity of the Total Pension Liability to Changes in the Discount and Trend Rates

The following presents the net OPEB liability of the City, calculated using the discount rate of 7%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate (6.00%)		1% Increase in Discount Rate (8.00%)	
Net OPEB Liability	\$	51,478,242	\$	42,016,069
			\$	34,486,195

The following presents the net OPEB liability of the City, calculated using the trend rates of 7%, as well as what the City's net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rates:

	1% Decrease in Trend Rates (6.00%)		1% Increase in Trend Rates (8.00%)	
Net OPEB Liability	\$	34,405,648	\$	42,016,069
			\$	51,474,229

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2019, the City recognized expense of \$4,826,810.

At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Outflows and Inflows - Current and Future Expense

Due to Liabilities:	Recognition Period (or Amortization yrs)	Total Remaining (Inflow) or Outflow of Resources	2019 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
2018 Change in assumptions	3.3900	\$ (1,109,590)	\$ (327,313)	\$ (782,277)
			<u>\$ (327,313)</u>	<u>\$ (782,277)</u>
<u>Due to Assets:</u>				
2018/2019 Net difference in projected and actual earnings on OPEB plan investments	5.0000	\$ 81,651	\$ 22,282	\$ 59,369
2019 Difference between expected and actuarial experience	4.2000	8,760,461	2,085,824	6,674,637
			<u>\$ 2,108,106</u>	<u>\$ 6,734,006</u>
Total				<u>\$ 5,951,729</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the year ended September 30,	Net deferred outflows (inflows) of resources
2020	\$ 1,780,793
2021	1,780,793
2022	1,980,453
2023	409,690
2024	-
Thereafter	-
Total	<u>\$ 5,951,729</u>

Deferred Outflows and Inflows of Resources Related to Pensions and OPEBs

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit	Total Deferred Outflows and Inflows
<u>Deferred Outflows:</u>					
Deferred pension contributions	\$ 3,289,904	\$ 865,698	\$ 4,155,602	\$ 30,559	\$ 4,186,161
Deferred OPEB contributions	31,975	9,787	41,762	240	42,002
Deferred investment losses	6,285,867	1,177,656	7,463,523	25,369	7,488,892
Deferred assumption changes	48,092	17,996	66,088	830	66,918
Deferred actuarial experience	7,934,328	2,453,781	10,388,109	73,646	10,461,755
	<u>\$ 17,590,166</u>	<u>\$ 4,524,918</u>	<u>\$ 22,115,084</u>	<u>\$ 130,644</u>	<u>\$ 22,245,728</u>
<u>Deferred Inflows:</u>					
Deferred assumption changes	\$ 812,491	\$ 305,610	\$ 1,118,101	\$ 7,196	\$ 1,125,297
	<u>\$ 812,491</u>	<u>\$ 305,610</u>	<u>\$ 1,118,101</u>	<u>\$ 7,196</u>	<u>\$ 1,125,297</u>
<u>Liabilities:</u>					
Net pension liability	\$ 25,641,058	\$ 6,724,309	\$ 32,365,367	\$ 235,863	\$ 32,601,230
Net OPEB liability	31,986,834	9,789,743	41,776,577	239,492	42,016,069
Total OPEB liability - SDBF	917,323	252,913	1,170,236	8,842	1,179,078
	<u>\$ 58,545,215</u>	<u>\$ 16,766,965</u>	<u>\$ 75,312,180</u>	<u>\$ 484,197</u>	<u>\$ 75,796,377</u>

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, 2019 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 five years as follows:

Fiscal Year	Annual Payment	Interest	Principal	Remaining Principal
2020	241,153	31,246	209,907	675,237
2021	241,153	23,836	217,317	457,920
2022	241,153	16,165	224,988	232,932
2023	241,153	8,221	232,932	-
TOTAL	<u>\$964,612</u>	<u>\$79,468</u>	<u>\$885,144</u>	

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 \$1.26520 per 1,000 gallons, with a total cost of \$5,667,444 during fiscal year 2019. 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 2019, the City's cost for sewer treatment under the contract was \$7,372,667.

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. Effective October 1, 2018, the City and the USMS agreed for the City to house federal prisoners and other related governmental agencies' prisoners at a cost of \$78.00 per day.

On January 1, 2017, the City entered into an IGA with the 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 January 1, 2017, the City and the USMS agreed for the City to house federal prisoners and other related governmental agencies' prisoners at a cost of \$66.30 per day, effective January 1, 2017.

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. The contract provides termination rights by either party with certain legal remedies.

Evergreen Alliance Golf Limited, L.P. (Alliance), assigned 100% of the interest in the operations and maintenance lease to CF Mansfield National Arcis, LLC.

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,” BLD MSP. 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 a 40 acre 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 BLD MSP. 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 BLD MSP 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 BLD MSP 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 BLD MSP, 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.

Source Horizon, LLC replaced MFE with STORE Master Funding VIII, LLC as the leaseholder with a sublease to ProParks Management dba PPW Mansfield, LLC.

Fieldhouse

In fiscal year 2017, the City completed 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 cost of the sports facility capitalized was \$12.6 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. The contract provides termination rights by either party with certain legal remedies.

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. The contract provides termination rights by either party with certain legal remedies.

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 \$2.4 million in year 2020, \$1.4 million in year 2021, \$1.4 million in year 2022, \$.3 million in year 2023, and \$.1 million in 2024. 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 - \$1,229,496, 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, 2019, the City of Mansfield, Texas abated property and sales taxes totaling \$607,745 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 \$578,906.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to \$15,274.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to \$13,565.

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 January 13, 2020, the City issued \$24,245,000 in Combination Tax and Revenue Certificates of Obligation, Series 2020. The purpose of the Combination Tax and Revenue Certificates of Obligations, Series 2020 are for the design, development, and construction of public infrastructure and land acquisition.

On January 13, 2020 the City issued \$4,475,000 in General Obligation Refunding Bonds, Series 2020. The debt was issued to refund the Series 2009 General Obligation Refunding Bonds, the Series 2011 Certificates of Obligation, and the Series 2011 General Obligation Refunding Bonds. The refunding resulted in an economic gain (difference between the present value of the debt service payment of the old debt and new debt) of \$378,603.

S. New Accounting Pronouncements to be implemented after fiscal year 2019

For fiscal year 2019, the City has implemented Statement No. 83 "Certain Asset Retirement Obligations" of the financial accounting standards issued by the GASB. The Statement had no effect on the City's financial statements in fiscal year 2019.

For fiscal year 2019, the City has implemented Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" of the financial accounting standards issued by the GASB. The Statement had no effect on the City's financial statements in fiscal year 2019.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for fiscal years beginning after December 15, 2018. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, Leases. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for fiscal years beginning after December 15, 2019. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In August 2018, the GASB issued Statement No. 90, Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 16. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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APPENDIX C**FORM OF BOND COUNSEL'S OPINION**

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March __, 2021

\$ _____
CITY OF MANSFIELD, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE
REFUNDING BONDS
SERIES 2021

WE HAVE represented the City of Mansfield, Texas (the "Issuer") as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

CITY OF MANSFIELD, TEXAS, WATERWORKS AND SEWER SYSTEM REVENUE
REFUNDING BONDS, SERIES 2021, dated February 1, 2021, in the principal amount of
\$ _____.

The Bonds mature, bear interest, are subject to redemption and may be transferred and exchanged as set out in the Bonds and in the bond ordinance adopted by the City Council of the Issuer authorizing their issuance (the "Ordinance").

WE HAVE represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; a certain escrow deposit agreement (the "Deposit Agreement") between the City and BOKF, NA, as paying agent/registrar for the Refunded Bonds (the "Refunded Bonds Paying Agent"); the certification (the "Sufficiency Certificate") of the Refunded Bonds Paying Agent verifying the sufficiency of the deposits

made in the Deposit Agreement for defeasance of the obligations being refunded (the "Refunded Bonds"); customary certificates of officers, agents and representatives of the Issuer and other public officials; and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have also examined executed Bond No. T-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

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;
- (B) The Bonds are payable from and secured by a lien on and pledge of the Pledged Revenues of the Issuer's waterworks and sewer system, as defined and described in the Ordinance;
- (C) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Bonds pursuant to the Deposit Agreement and, therefore, the Refunded Bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in the Deposit Agreement; and
- (D) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. Further, in the event that the representations of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with

the covenants of the Ordinance, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

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Financial Advisory Services
Provided By





CITY OF MANSFIELD

1200 E. Broad St.
Mansfield, TX 76063
mansfieldtexas.gov

STAFF REPORT

File Number: 21-3942

Agenda Date: 2/8/2021

Version: 1

Status: First and Final Reading

In Control: City Council

File Type: Ordinance

Title

Ordinance - Approval of an Ordinance of the City of Mansfield, Texas Amending Chapter 38, "Taxation and Finance" of the Code of Ordinances of Mansfield, Texas by Amending Provisions Related to Payment and Collection of the Hotel Occupancy Tax Levied by the City Pursuant to the Texas Tax Code; Providing That This Ordinance Shall be Cumulative of all Ordinances; Providing a Severability Clause; Providing a Penalty for Violation; and Providing an Effective Date

Requested Action

Review the Changes to the Hotel Occupancy Tax Sections 38.15 to 38.20 of the City of Mansfield, Texas Code of Ordinances.

Recommendation

Review and approve the changes to the Hotel Occupancy Tax Sections 38.15 to 38.20 of the City of Mansfield, Texas Code of Ordinances.

Description/History

In the fall of 1985, the City Council of the City of Mansfield approved and passed Ordinance No. 634 that levied a hotel occupancy tax in the amount of seven percent (7%). That ordinance allowed for quarterly payments of the hotel occupancy tax to be paid by the hotels to the City. As more Cities in the Dallas Fort Worth metroplex adopted hotel occupancy tax ordinances, those Cities adopted ordinances with the hotel occupancy tax payable on a monthly basis. The monthly payment requirement is desired by the City of Mansfield to ensure consistent occupancy tax payments from the hotels within the city limits.

Justification

The monthly payment requirement is desired by the City of Mansfield to ensure consistent occupancy tax payments from the hotels within the city limits. The monthly payment requirement will allow staff to more closely monitor the tax payments from the hotels.

Funding Source

N/A

Prepared By

Troy Lestina, Director of Finance; 817-276-4258

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF MANSFIELD, TEXAS AMENDING CHAPTER 38, "TAXATION AND FINANCE" OF THE CODE OF MANSFIELD, TEXAS BY AMENDING PROVISIONS RELATED TO PAYMENT AND COLLECTION OF THE HOTEL OCCUPANCY TAX LEVIED BY THE CITY PURSUANT TO THE TEXAS TAX CODE; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A PENALTY FOR VIOLATION; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Mansfield is a home rule city acting under its charter adopted by the electorate pursuant to Article IX, Section 5 of the Texas Constitution and Chapter 9 of the Texas Local Government Code; and,

WHEREAS, by Ordinance No. 634, the City levied an occupancy tax upon the cost of occupancy of any sleeping room located in the City pursuant to Article 1269j-4.1, Vernon's Revised Civil Statutes, now codified as Texas Tax Code section 351.002; and,

WHEREAS, by Ordinance No. 773, the City enacted penalty provisions related to the failure to collect said occupancy tax; and,

WHEREAS, the taxes owed are currently due and payable on a quarterly basis; and,

WHEREAS, the City Council has determined that the taxes owed should be due and payable on a monthly basis; and,

WHEREAS, the City Council has determined that individuals or entities that collect funds on behalf of hotel owners or operators should be required to collect the taxes due to the City pursuant to the City's tax levy; and,

WHEREAS, the City Council has determined that the amendments addressing these issues as set forth herein are in the best interest of the health, safety, and general welfare of the citizens of the City of Mansfield and the public.

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

SECTION 1.

That Title III, "Administration," Chapter 38, "Taxation and Finance," Section 38.16, "Definitions," of the Code of Mansfield, Texas is hereby amended by amending the definition of "*Hotel*" and adding a definition for "*Permanent Resident*" to read as follows:

"HOTEL. Any building or buildings, trailer, railroad pullman not being utilized for the transportation of travelers, or any other facility in which the public may, for a consideration, obtain sleeping accommodations. The term shall include, hotels, motels, tourist homes, houses or courts, lodging houses, inns, rooming houses, trailer houses, trailer motels, railroad pullman cars parked on a siding or other

area and used for sleeping accommodations not involving the transportation of travelers, dormitory space where bed space is rented to individuals or groups, apartments not occupied by permanent residents as that term is hereinafter defined, and all other facilities where rooms or sleeping facilities or open space is furnished for a consideration, but HOTEL shall not be defined so as to include hospitals, sanitariums, convalescent homes, or nursing homes.

PERMANENT RESIDENT. Any person who has the right to use or possess a room or occupy space in a hotel as that term is defined herein for at least 30 consecutive days, so long as there is no interruption of payment for the period.”

SECTION 2.

That Title III, “Administration,” Chapter 38, “Taxation and Finance,” Section 38.17, “Duty to Collect,” of the Code of Mansfield, Texas is hereby amended to read as follows:

“38.17 DUTY TO COLLECT.

Every person owning, operating, managing, or controlling any hotel, or collecting funds for the cost of occupancy of any sleeping room or space on behalf of the owner, operator, or manager of any hotel shall collect the tax imposed by this subchapter for the city.”

SECTION 3.

That Title III, “Administration,” Chapter 38, “Taxation and Finance,” Section 38.18, “Quarterly Tax Payments,” of the Code of Mansfield, Texas is hereby amended to read as follows:

“38.18 MONTHLY TAX PAYMENTS.

(A) The taxes provided for herein shall be paid on a monthly basis.

(B) On the last day of the month following each monthly period, every person required by this subchapter to collect the taxes imposed herein shall file a report with the Tax Assessor and Collector of the city showing the consideration paid for all room occupancies in the preceding month, and the amount of taxes collected on such occupancies, and such other information as the Assessor and Collector of taxes may reasonably require. Such persons shall pay the taxes due on such occupancies at the time of filing the report. There shall also be furnished to the Tax Assessor and Collector of the city at the time of payment of such tax, a copy of the monthly tax report filed with the state comptroller in connection with the State of Texas Hotel Occupancy Tax.”

SECTION 4.

That Title III, “Administration,” Chapter 38, “Taxation and Finance,” Section 38.20, “Use of Funds,” of the Code of Mansfield, Texas is hereby added to read as follows:

“38.20 USE OF FUNDS.

The revenue derived from the hotel occupancy tax authorized by this subchapter may be used for those purposes stated in Tex. Tax Code, Subchapter 351, as it may be amended, and any other purposes allowed

under the laws of the state; provided that a portion of the tax revenue equal to 1% of the cost of the occupancy of hotel rooms shall be reserved for the purposes stated for such reserved tax revenue in Tex. Tax Code § 351.005, as it may be amended. These reserved tax revenue funds may be used by the city for the purposes allowed or the city may contract with persons or organizations to use these reserved tax revenue funds for the purposes allowed.”

SECTION 5.

That Title III, “Administration,” Chapter 38, “Taxation and Finance,” Section 38.99, “Penalty,” of the Code of Mansfield, Texas is hereby renumbered to Section 38.21, “Penalty.”

SECTION 6.

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

SECTION 7.

That should any paragraph, sentence, subdivision, clause, phrase, or section of this ordinance be adjudged or held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this ordinance as a whole or any part of provision thereof, other than the part so declared to be invalid, illegal or unconstitutional.

SECTION 8.

That, any person, firm, or corporation violating any of the provisions of this ordinance, shall be deemed guilty of a misdemeanor and, upon the conviction thereof shall be punished by a fine not to exceed the sum of \$500 for each offense, and each and every day any such violation shall continue shall be deemed to constitute a separate offense.

SECTION 9.

That this ordinance shall take effect immediately from and after its passage and the publication of the caption, as the law and charter in such cases provide.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MANSFIELD, TEXAS, THIS 8TH DAY OF FEBRUARY, 2021.

Michael Evans, Mayor

ATTEST:

Susana Marin, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Allen Taylor, City Attorney

HOTEL OCCUPANCY TAX

§ 38.15 LEVIED.

Under the provisions of Tex. Tax. Code §§ 351.002 and 352.003, there is hereby levied a tax upon the cost of occupancy of any sleeping room furnished by any hotel, where the cost of occupancy is at the rate of \$2 or more per day, such tax to be equal to 7% of the consideration paid by the occupant for such room to such hotel, exclusive of other occupancy taxes imposed by other governmental agencies.

('78 Code, § 10-60) (Ord. 634, passed 9-23-85)

§ 38.16 DEFINITIONS.

For the purpose of this subchapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

CONSIDERATION. The cost of the room in such hotel only if the room is one ordinarily used for sleeping, and shall not include the cost of any food served or personal services rendered to the occupant of the room not related to the cleaning and readying of such room for occupancy.

HOTEL. Any building or buildings, trailer, railroad pullman not being utilized for the transportation of travelers, or any other facility in which the public may, for a consideration, obtain sleeping accommodations. The term shall include hotels, motels, tourist homes, houses or courts, lodging houses, inns, rooming houses, trailer houses, trailer motels, railroad pullman cars parked on a siding or other area and used for sleeping accommodations not involving the transportation of travelers, dormitory space where bed space is rented to individuals or groups, apartments not occupied by permanent residents as that term is hereinafter defined, and all other facilities or other buildings where rooms or sleeping facilities or open space are furnished for consideration; but HOTEL shall not be defined so as to include hospitals, sanitariums, convalescent homes, or nursing homes.

PERMANENT RESIDENT. Any person who has the right to use or possess a room or occupy space in a hotel as that term is defined herein for at least 30 consecutive days, so long as there is no interruption of payment for the period.

OCCUPANCY. The use or possession, or the right to use or possession, of any room in a hotel if the room is one ordinarily used for sleeping and if the occupant's use, possession or right to use or possession extends for a period of less than 30 days.

OCCUPANT. Anyone who, for a consideration, uses, possesses or has the right to use or possess any room in a hotel, if the room is one ordinarily used for sleeping.

('78 Code, § 10-61) (Ord. 634, passed 9-23-85)

§ 38.17 DUTY TO COLLECT.

Every person owning, operating, managing or controlling any hotel, or collecting funds for the cost of occupancy of any sleeping room or space on behalf of the owner, operator, or manager of any hotel shall collect the tax imposed by this subchapter for the city.

('78 Code, § 10-61) (Ord. 634, passed 9-23-85)

§ 38.18 ~~QUARTERLY~~ MONTHLY TAX PAYMENTS.

(A) The taxes provided for herein shall be paid on a quarterly basis ~~as follows:~~

~~—(1) The regular calendar quarters of the year, the first quarter being composed of the months of January, February and March.~~

~~—(2) The second quarter being the months of April, May and June.~~

~~—(3) The third quarter being the months of July, August and September.~~

~~—(4) The fourth quarter being the months of October, November and December.~~

(B) On the last day of the month following each quarterly-monthly period, every person required by this subchapter to collect the taxes imposed herein shall file a report with the Tax Assessor and Collector of the city showing the consideration paid for all room occupancies in the preceding quartermonth, and the amount of taxes collected on such occupancies, and such other information as the Assessor and Collector of taxes may reasonably require. Such persons shall pay the taxes due on such occupancies at the time of filing the report. There shall also be furnished to the Tax Assessor and Collector of the city at the time of payment of such tax, a copy of the monthly tax report filed with the state comptroller in connection with the State of Texas Hotel Occupancy Tax.

('78 Code, § 10-63) (Ord. 634, passed 9-23-85)

§ 38.19 TAX ASSESSOR/COLLECTOR TO HAVE ACCESS TO BOOKS AND RECORDS.

The Assessor and Collector of taxes of the city shall have the power to make such rules and regulations as are necessary to effectively collect the tax levied herein, and shall upon reasonable notice have access to the books and records necessary to enable the Tax Assessor and Collector to determine the correctness of any report filed as required by this subchapter, and the amount of taxes due under the provisions of this subchapter.

('78 Code, § 10-64) (Ord. 634, passed 9-23-85)

§ 38.20 USE OF FUNDS.

The revenue derived from the hotel occupancy tax authorized by this subchapter may be used for those purposes stated in Tex. Tax Code, Subchapter 351, as it may be amended, and any other purposes allowed under the laws of the state; provided that a portion of the tax revenue equal to 1% of the cost of the occupancy of hotel rooms shall be reserved for the purposes stated for such reserved tax revenue in Tex. Tax Code § 351.005, as it may be amended. These reserved tax revenue funds may be used by the city for the purposes allowed or the city may contract with persons or organizations to use these reserved tax revenue funds for the purposes allowed.

§ 38.2199 PENALTY.

(A) If any person shall fail to collect the tax imposed in §§ 38.15 et seq., or fail to file a report as required in §§ 38.15 et seq., or shall fail to pay to the Assessor and Collector of taxes the tax imposed when the report for payment is due, or shall file a false report, then such person shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine not to exceed the sum of \$500.

(B) The City Attorney or other attorney acting for the city may bring suit against a person who is required to collect the tax imposed in §§ 38.15 et seq. and pay the collections over to the city and who has failed to file a tax report or pay the tax when due to enjoin the person from operating a hotel in the city until the tax is paid or the report filed, as applicable, as provided by the Court's order.

(C) If any person fails to report when required to pay the tax when due, any person shall pay a penalty of 5% of the amount of the tax due pursuant to §§ 38.15 et seq. If any person fails to file the report or pay the tax before the thirty-first day after the date that the report or tax payment was due, he/she shall pay an additional penalty of 5% of the amount of the tax due.

(D) Any person who is required to pay the taxes imposed in §§ 38.15 et seq. shall report and send the taxes collected herein to the city as provided.

(E) Delinquent taxes and accrued penalties draw interest at the rate of 10% a year beginning 60 days after the date of which the tax was due.

('78 Code, § 10-65) (Ord. 634, passed 9-23-85; Ord. 773, passed 4-11-88)



CITY OF MANSFIELD

1200 E. Broad St.
Mansfield, TX 76063
mansfieldtexas.gov

STAFF REPORT

File Number: 21-3945

Agenda Date: 2/8/2021

Version: 1

Status: First and Final Reading

In Control: City Council

File Type: Ordinance

Agenda Number:

Title

Ordinance - Approval of an Ordinance Requesting to Abandon Two Permanent Drainage Easements Relating to the Somerset Phase Three Addition to Bloomfield Homes, L.P.

Requested Action

To consider the subject easement abandonment.

Recommendation

The Engineering Staff recommends the approval of the request to abandon the Permanent Drainage Easements relating to the Somerset Phase Three Addition to Bloomfield Homes, L.P.

Description/History

These drainage easements were created to accommodate off-site temporary drainage improvements for the previously constructed Somerset Phase Two Addition. The drainage improvements consisted only of earthen open channels and no permanent infrastructure. The abandonment of these easements was anticipated and is necessary to develop the Somerset Phase Three Addition as shown in the approved Somerset Development Plan. These open channels will be filled and the storm water will now be conveyed in a storm drain system within street right-of-way.

Justification

The City currently has no public drainage infrastructure within the easement and does not anticipate needing it in the future.

Funding Source

No Funding Necessary

Prepared By

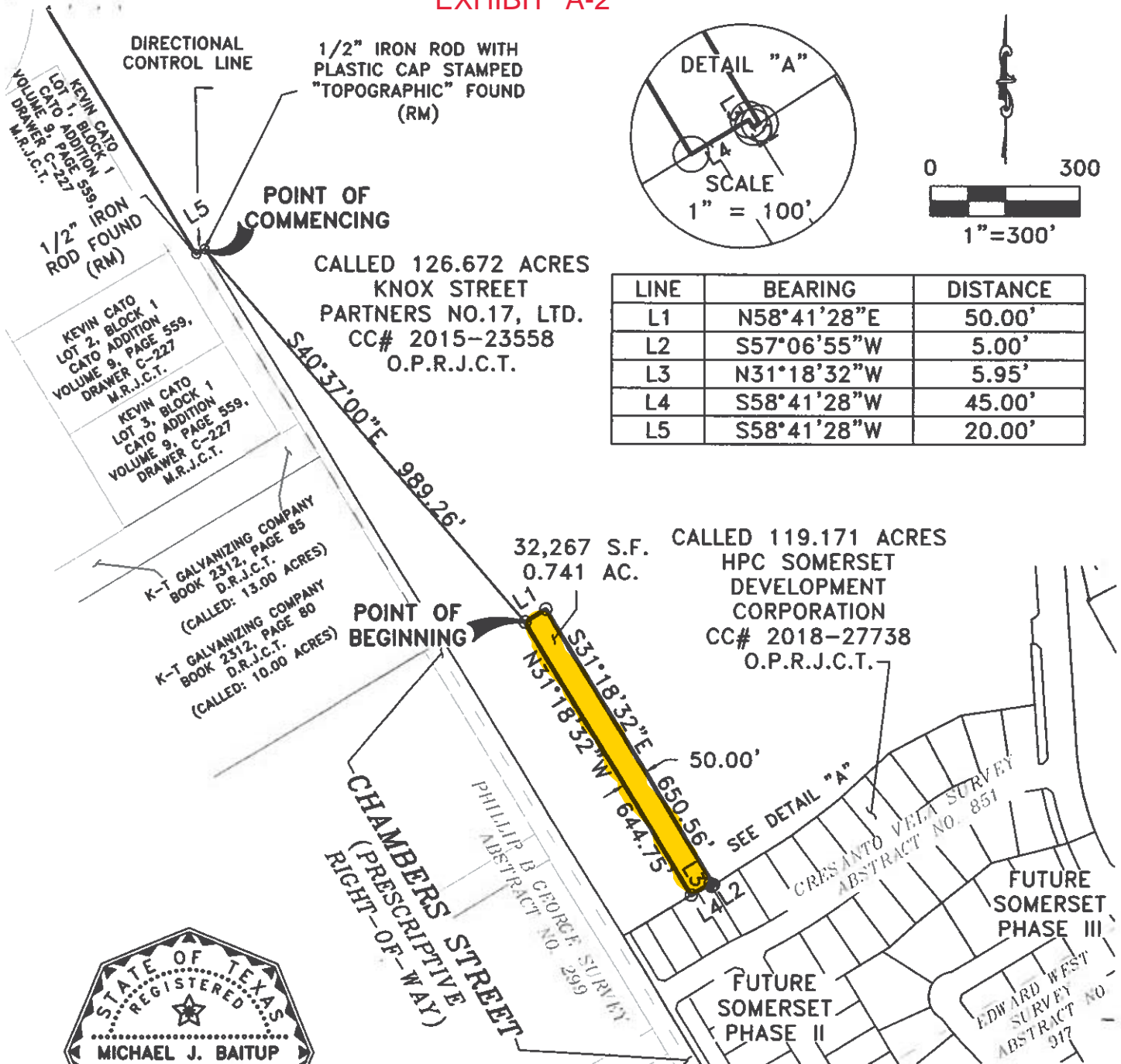
Mohammed Howlader, Project Manager, Engineering Department, 817-276-4295

EXHIBIT "A-1"

To be abandoned:

A 0.741 acre variable width permanent drainage easement in the Cresanto Vela Survey, Abstract No 851 city of Mansfield, Johnson County, Texas, Somerset Subdivision, Phase Three.

EXHIBIT "A-2"



Michael J. Baitup

REFERENCE BEARING BASIS BEING GRID NORTH, TEXAS STATE PLANE COORDINATES, NORTH CENTRAL ZONE (4202); NAD83 (2011) EPOCH 2010, DETERMINED BY GPS OBSERVATIONS IN REFERENCE TO THE CITY OF MANSFIELD'S OFFICIAL GPS MONUMENT: TNP MANSFIELD "F" CALCULATED FROM DENTON CORN ARP (PID-DF8986) AND ARLINGTON RRP2 CORN (PID-DF5387).

DATE: 05/29/19
 DRWN BY: M.D.M.
 CHKD BY: M.J.B.
 PROJ NO: 0012

0.741 ACRE
 VARIABLE WIDTH DRAINAGE EASEMENT
 IN THE
 CRESANTO VELA SURVEY, ABSTRACT NO. 851
 CITY OF MANSFIELD, JOHNSON COUNTY, TEXAS

LJA Surveying, Inc.

6060 North Central Expressway
 Suite 440
 Dallas, Texas 75206

Phone 469.621.0710

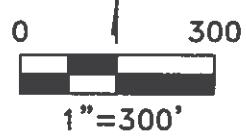
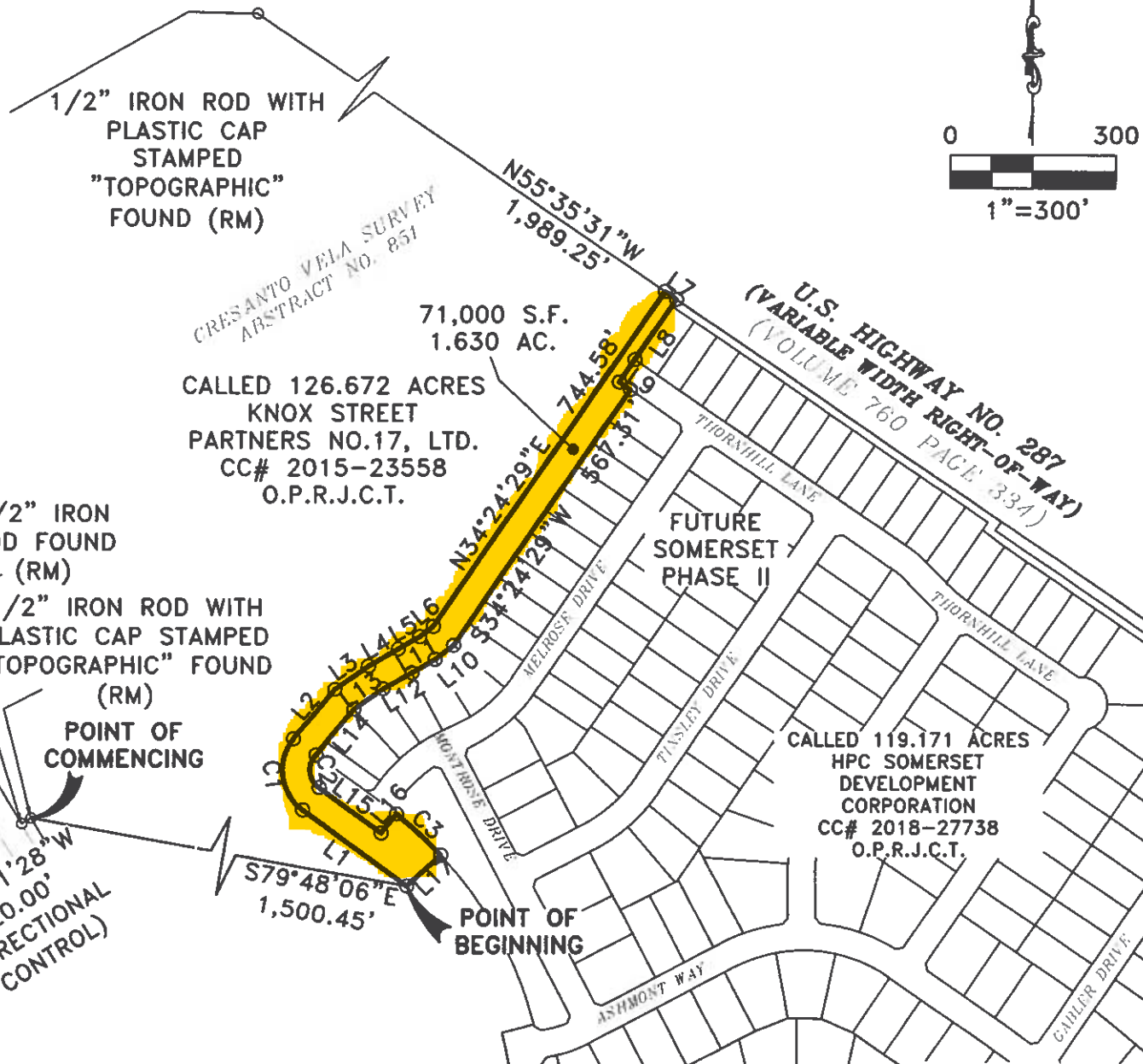
T.B.P.L.S. Firm No. 10194465

EXHIBIT "B-1"

To be abandoned:

A 1.630 acre variable width permanent drainage easement in the Cresanto Vela Survey, Abstract No 851 city of Mansfield, Johnson County, Texas, Somerset Subdivision, Phase Three.

EXHIBIT "B-2"



LEGEND

- JB1 1/2" IRON ROD WITH PLASTIC CAP STAMPED "JB1" FOUND
- P.R.J.C.T. PLAT RECORDS, JOHNSON COUNTY, TEXAS
- O.P.R.J.C.T. OFFICIAL PUBLIC RECORDS, JOHNSON COUNTY, TEXAS
- (RM) RECORD MONUMENT

REFERENCE BEARING BASIS BEING GRID NORTH, TEXAS STATE PLANE COORDINATES, NORTH CENTRAL ZONE (4202); NAD83 (2011) EPOCH 2010, DETERMINED BY GPS OBSERVATIONS IN REFERENCE TO THE CITY OF MANSFIELD'S OFFICIAL GPS MONUMENT: TNP MANSFIELD "F" CALCULATED FROM DENTON CORS ARP (PID-DF8986) AND ARLINGTON RRP2 CORS (PID-DF5387).



Michael J. Baitup

	DATE:	05/29/19	1.630 ACRE VARIABLE WIDTH DRAINAGE EASEMENT IN THE CRESANTO VELA SURVEY, ABSTRACT NO. 851 CITY OF MANSFIELD, JOHNSON COUNTY, TEXAS	LJA Surveying, Inc. 6060 North Central Expressway Suite 440 Dallas, Texas 75206 Phone 469.621.0710 T.B.P.L.S. Firm No. 10194465	
	DRWN BY:	M.D.M.			
	CHKD BY:	M.J.B.			
	PROJ NO.	0012			

ORDINANCE NO. _____

AN ORDINANCE VACATING AND ABANDONING A 0.741 ACRE VARIABLE WIDTH DRAINAGE EASEMENT AND A 1.630 ACRE VARIABLE WIDTH DRAINAGE EASEMENT IN THE CRESANTO VELA SURVEY, ABSTRACT NO 851, CITY OF MANSFIELD, JOHNSON COUNTY, TEXAS, DECLARING THAT SUCH PROPERTY IS UNNECESSARY FOR USE BY THE PUBLIC; AUTHORIZING THE MAYOR OF THE CITY OF MANSFIELD, TEXAS, TO EXECUTE A QUITCLAIM DEED RELEASING PUBLIC OWNERSHIP INTEREST OR CONTROL OF SAID DRAINAGE EASEMENTS; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City of Mansfield is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and,

WHEREAS, the City Council of the City of Mansfield, Texas, after careful study and consideration, has determined that the 0.741 acre and a 1.630 acre variable width permanent drainage easements in the Cresanto Vela Survey, Abstract No 851, City of Mansfield, Johnson County, Texas, hereinafter more specifically described, are not being used by, nor useful or convenient to the public in general; therefore, they constitute a public charge without a corresponding public benefit, and the public would be better served and benefited by the vacation and abandonment. Said easements are described respectively in Exhibits "A1", "A2", "B1" and "B2" attached hereto and made a part hereof for all purposes; and,

WHEREAS, in order to remove any question as to the continued interest or ownership of the public in said easement, the City desires to execute a Quitclaim Deed releasing all title, ownership and control in said easement to the owner or owners of the abutting property.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MANSFIELD, TEXAS, THAT:

SECTION 1.

The two drainage easements, as described hereinabove, are not being used by, nor useful or convenient to the public in general. These easements constitute a public charge without a corresponding benefit, and the public would be better served and benefited by their vacation and abandonment. Accordingly, the above described easements, a 0.741 acre and a 1.630 acre variable width permanent drainage easement in the Cresanto Vela Survey, Abstract No 851, City of Mansfield, Johnson County, Texas, Somerset Subdivision, Phase Three, are hereby vacated and abandoned as public property and such area so abandoned shall revert in fee simple to the owner of the underlying property.

SECTION 2.

The Mayor of the City of Mansfield, Texas, is hereby authorized and empowered to execute a quitclaim deed releasing all claims to title, ownership, or control of the easement described hereinabove, on behalf of the City of Mansfield, Texas.

SECTION 3.

A copy of said quitclaim deed shall be presented for filing with the County Clerk of Johnson County, Texas by the office of the City Secretary.

SECTION 4.

This Ordinance shall become effective immediately upon its passage as provided by law.

DULY PASSED AND APPROVED ON THE FIRST AND FINAL READING BY THE CITY COUNCIL OF THE CITY OF MANSFIELD, TEXAS, THIS 8TH DAY OF FEBRUARY, 2021.

Michael Evans, Mayor

ATTEST:

Susana Marin, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Allen Taylor, City Attorney

QUITCLAIM DEED

STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF TARRANT

That the City Council of the City of Mansfield, County of Tarrant, State of Texas, after careful study and consideration, has determined that a 0.741 acre variable width permanent drainage easement and a 1.630 acre variable width permanent drainage easement in the Cresanto Vela Survey, Abstract No 851, City of Mansfield, Johnson County, Texas, hereafter specifically described, are not being used by, nor useful or convenient to the public in general; therefore, they constitute a public charge without a corresponding public benefit, and the public would be better served and benefited by their vacation and abandonment. For and in consideration of the above findings and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City of Mansfield ("Grantor") does hereby bargain, sell, release, vacate, abandon and forever quitclaim unto Bloomfield Homes, L.P. ("Grantee") and any and all heirs, legal representatives or assigns, all of its right, title and interest in and to the following described real property situated in Johnson County, Texas, to wit:

[Refer to Exhibits "A1", "A2", "B1" and "B2" Attached]

TO HAVE AND TO HOLD all of its right, title and interest in and to the above described drainage easements unto the said Grantee, heirs and assigns forever, so that neither Grantor nor its heirs, legal representatives or assigns shall have, claim or demand any right or title to the aforesaid drainage easement, premises or appurtenances or any part thereof.

EXECUTED this ____ day of _____, 20__.

CITY OF MANSFIELD

By: _____
Michael Evans, Mayor

Resolution No. _____

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STATE OF TEXAS
COUNTY OF TARRANT

This instrument was acknowledged before me on the _____ day of _____, 20__, by Michael Evans, Mayor of the City of Mansfield, Texas, a municipality, on behalf of said municipality.

Notary Public



1.630 Acre
Variable Width
Drainage Easement

0.741 Acre
Variable Width
Drainage Easement





CITY OF MANSFIELD

1200 E. Broad St.
Mansfield, TX 76063
mansfieldtexas.gov

STAFF REPORT

File Number: 21-3944

Agenda Date: 2/8/2021

Version: 1

Status: New Business

In Control: City Council

File Type: Discussion Item

Agenda Number:

Title

Discussion - A Discussion by the City Council of the City of Mansfield, Texas to Determine Nominating a Candidate to Serve as a Board Member for Ellis County Appraisal District for Calendar Year 2021

Requested Action

City Council to discuss nominating a candidate to serve as a board member for the Ellis County Appraisal District.

Recommendation

Staff would recommend due to the requirements for an eligible candidate to serve as a board member for the Ellis County Appraisal District that City Council forego a nomination at this time.

Description/History

Taxing Entities within the Ellis County Appraisal District of Ellis County, Texas are entitled to nominate candidates for consideration and appointment to the County's Appraisal Board. The process allows taxing authorities to oversee the administrative process of the County's appraisal districts. Once candidates are nominated, the Appraisal District will notice the taxing authorities of the nominations and the taxing jurisdictions will then vote on or elect by voting on the five-member Board will occur on Thursday, February 25th. Statutory authority for this process is found in Texas Property Tax Code - Section 6.03(l). The current Board consists of the following members:

John G Tabor, Chairman
Ken Marks, Vice-Chairman
John D. Knight, Secretary
Charles T. Abram, **Retiring Member**
Diana B. Muckleroy
John Bridges, Non-voting member

Justification

Texas law provides for the appointment of an Appraisal Board to oversee the administration and operation of an Appraisal District in Texas. The nomination and appointment of these Boards is derived for the taxing authorities within the Appraisal District.

Funding Source

N/A

Prepared By

Troy Lestina, Director of Finance; 817-276-4258

Vacancy on the 2021 Ellis Appraisal District Board of Directors

4 messages

Kathy Rodrigue <kathy@elliscad.com>

Fri, Jan 22, 2021 at 11:18 AM

Hello All,

Tom Abram, who has served on the Ellis Appraisal District Board of Directors(BOD) since 2014, has submitted his resignation effective February 1, 2021 from the Board. Mr. Abram has been an extremely valuable member of the Board of Directors. Ellis Appraisal District is better for having his leadership, business acumen and willing stewardship!

If you previously submitted a nomination to fill Mr. Pitts vacancy, this will be an entirely new process in compliance with the law, so please follow the timeline below for submitting a nomination for Mr. Abram's vacancy.

The **Texas Property Tax Code Section 6.03(l)** speaks to the process where a vacancy on the BOD is filled. Each taxing unit that is entitled to vote may nominate by resolution adopted by its governing body a candidate to fill the vacancy. The unit shall submit the name of its nominee to the chief appraiser within 45 days after notification from the board of directors of the existence of the vacancy, and the chief appraiser shall prepare and deliver to the board of directors within the next five days a list of the nominees. The board of directors shall elect by majority vote of its members one of the nominees to fill the vacancy. Please see the timeline and eligibility requirements for this process.

Here is the timeline to address this vacancy:

- Please have your governing body act to nominate a candidate by resolution(please see attachment) by **Thursday, February 18th**
- Please submit your nominations by **Friday, February 19th** (please also include a resume with phone and email contact information for your nominee)
- The list of nominees will be sent to the current Board of Directors
- The Board of Directors will act on **Thursday, February 25th at 4pm** to fill the vacancy from the list of nominees
- You will receive notification of the new member on the Board of Directors

Here is what the **Property Tax Code Sec 6.03(a) and 6.035** says about eligibility:

- To be eligible to serve on the board of directors, an individual must be a resident of the district and must have resided in the district for at least two years immediately preceding the date the individual takes office.
- An individual who is otherwise eligible to serve on the board is not ineligible because of membership on the governing body of a taxing unit.
- An employee of a taxing unit that participates in the district is not eligible to serve on the board unless the individual is also a member of the governing body or an elected official of a taxing unit that participates in the district.
- An individual is ineligible to serve if the individual:
 - is related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to an individual who is engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal district;
 - or owns property on which delinquent taxes have been owed to a taxing unit for more than 60 days after the date the individual knew or should have known of the delinquency unless:

(A) the delinquent taxes and any penalties and interest are being paid under an installment payment agreement under Section 33.02; or

(B) a suit to collect the delinquent taxes is deferred or abated under Section 33.06 or 33.065

- An individual is ineligible to serve on an appraisal district board of directors if the individual has engaged in the business of appraising property for compensation for use in proceedings under this title (for use in an ARB hearing or a tax agent) or of representing property owners for compensation in proceedings under this title in the appraisal district at any time during the preceding five years.

Please let me know if you have any questions,

Kathy

Kathy Rodrigue, RPA

Chief Appraiser, Ellis Appraisal District

Let's serve others and make a difference in this world!

Direct Line: 972.937.3218

Fax: 972.937.1618
