



# CITY OF MANSFIELD

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

## Meeting Agenda

### City Council

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Monday, July 12, 2021

2:30 PM

Council Chambers

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#### REGULAR MEETING

1. **2:30 P.M. - CALL MEETING TO ORDER**

2. **WORKSESSION**

Discussion Regarding Capital Improvement and Equipment Replacement

Discussion Regarding Park Land Dedication and Development Fee Ordinance

3. **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 Pending Litigation - Cause No. DC-20-16161

Seek Advice of City Attorney Regarding Design Services Contract with Brown, Reynolds, Watford Architects

Seek Advice of City Attorney Regarding Legal Requirements for Maintenance of Confidential Information

Seek Advice of City Attorney Regarding City Council Authority to Address a Complaint Regarding Conduct of Elected Officials

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

Land Acquisition for Future Development

**C. Personnel Matters Pursuant to Section 551.074**

## City Manager Quarterly Review

**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 #15-02

Economic Development Project #17-22

Economic Development Project #21-09

Economic Development Project #21-10

Economic Development Project #21-23

Economic Development Project #21-24

**4. 6:50 P.M. – COUNCIL BREAK PRIOR TO REGULAR BUSINESS SESSION**

**5. 7:00 PM OR IMMEDIATELY FOLLOWING EXECUTIVE SESSION - RECONVENE INTO REGULAR BUSINESS SESSION**

**6. INVOCATION**

**7. PLEDGE OF ALLEGIANCE**

**8. TEXAS PLEDGE**

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

**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 entrance of*



*the Council Chambers. Please present the card to the Assistant City Secretary prior to the start of the meeting.*

**10. COUNCIL ANNOUNCEMENTS**

**11. SUB-COMMITTEE REPORTS**

[21-4165](#) Minutes - Approval of the July 7, 2021 Revitalization of Historic Downtown Mansfield Meeting Minutes (vote will be only by members of the sub-committee: Lewis, Tonore, and Bounds)

**Presenters:** Susana Marin

**Attachments:** [7-7-21 DRAFT Meeting Minutes](#)

**12. 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

TCEQ Recognition of Mansfield Public Water Supply - Jeff Price

**13. TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION**

**14. 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**

[21-4156](#) Resolution - A Resolution to Consider a Proposed Amendment to the Consultant Agreement with Pacheco Koch in the amount of \$56,100 for Additional Services Related to Design Development, Construction Documents and Construction Administration Services for the McClendon Park Improvements Project

**Presenters:** Matt Young

**Attachments:** [Resolution](#)

[Professional Services Contract Amendment](#)

[21-4157](#) Resolution - A Resolution to Consider Executing a Consultant Agreement with Dunaway Associates, L.P. in the amount of \$179,925 for Design Development, Construction Documents and Construction Administration

## Services for Gertie Barrett Park

**Presenters:** Matt Young

**Attachments:** [Resolution](#)

[Professional Services Proposal](#)

[21-4158](#)

Resolution - A Resolution Determining the Construction Manager-At-Risk Delivery Method as Providing the Best Value for Construction of the McClendon Park Improvements

**Presenters:** Matt Young

**Attachments:** [Resolution](#)

[21-4159](#)

Resolution - A Resolution Determining the Construction Manager-At-Risk Delivery Method as Providing the Best Value for Construction of Gertie Barrett Park

**Presenters:** Matt Young

**Attachments:** [Resolution](#)

[21-4169](#)

Resolution - A Resolution Authorizing the City to Enter Into an Advance Funding Agreement with the Texas Department of Transportation for Local Government Contributions to the Lone Star Road Bridges at US Highway 287 Project for Decorative Iron Safety Railings and Authorizing Funding in the Amount of \$150,000.00 (Street Bond Fund)

**Presenters:** Bart VanAmburgh

**Attachments:** [Resolution](#)

[Agreement](#)

[21-4163](#)

Minutes - Approval of the June 28, 2021 Regular City Council Meeting Minutes

**Presenters:** Susana Marin

**Attachments:** [6-28-21 DRAFT Meeting Minutes](#)

**END OF CONSENT AGENDA**

**15. PUBLIC HEARING CONTINUATION AND SECOND AND FINAL READING**

[21-4140](#)

Ordinance - Public Hearing Continuation and Second and Final Reading of an Ordinance Approving on a Zoning Change from SF-7.5/16 and SF-12/22 Single-Family Residential Districts to PD Planned Development District for Single-Family Residential Uses on Approximately 47.72 Acres out of the Arthur Gibson Survey, Abstract No. 302; Johnson County, Texas, Generally Located Approximately 1,650 Feet East of FM 917 and Approximately 2,700 Feet North of Bedford Road by Ben Luedtke on Behalf of M3 Ranch Development, Inc., Developer and M3 Ranch Land Investment, Owner (ZC#21-005)

**Presenters:** Jason Alexander and Art Wright

**Attachments:** [Ordinance](#)

[Maps and Supporting Information](#)

[Exhibits A through G](#)

**16. NEW BUSINESS**

[21-4160](#)

Ordinance - An Ordinance Authorizing the Issuance and Sale of City of Mansfield, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021, in an Aggregate Principal Amount not to exceed \$9,500,000; Awarding the Sale Thereof; Levying a Tax in Payment Thereof; Prescribing the Form of Said Certificates; Authorizing the Execution and Delivery of a Paying Agent/Registrar Agreement and a Bond Counsel Engagement Letter; Approving the Official Statement; and Enacting Other Provisions Relating Thereto

**Presenters:** Troy Lestina and Bryan Rebel

**Attachments:** [Ordinance](#)

[Preliminary Official Statement](#)

**17. ADJOURN**

**CERTIFICATION**

THIS IS TO CERTIFY THAT A COPY OF THE NOTICE OF the July 12, 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, July 8, 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: 21-4165

**Agenda Date:** 7/12/2021

**Version:** 1

**Status:** Approval of Minutes

**In Control:** City Council

**File Type:** Meeting Minutes

### Title

Minutes - Approval of the July 7, 2021 Revitalization of Historic Downtown Mansfield Meeting  
Minutes (vote will be only by members of the sub-committee: Lewis, Tonore, and Bounds)

### 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 July 7, 2021 Revitalization of Historic Downtown Mansfield Sub-Committee 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 - Revitalization of Historic Downtown Mansfield Sub-Committee

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Wednesday, July 7, 2021

8:30 AM

City Hall

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#### CALL TO ORDER

*Chair Tonore called the meeting to order at 8:45 a.m.*

*Staff present: City Manager, Joe Smolinski; Deputy City Manager, Shelly Lanners; Director of Finance, Troy Lestina; Director of Planning, Jason Alexander; Director of Economic Development, Richard Nevins; City Secretary, Susana Marin; Assistant City Secretary, Keera Seiger*

**Present** 3 - Casey Lewis; Tamera Bounds and Todd Tonore

#### CITIZEN COMMENTS

*There were no citizen comments.*

City Manager Joe Smolinski provided a brief update regarding potential downtown development and land purchases.

#### RECESS INTO EXECUTIVE SESSION

*In accordance with Texas Government Code, Chapter 551, Chair Tonore recessed the meeting into executive session at 8:51 a.m. Chair Tonore called the executive session to order at 8:51 a.m. Chair Tonore adjourned the executive session at 9:53 a.m.*

#### **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 #21-09

Economic Development Project #21-10

Economic Development Project #21-23

Economic Development Project #21-24

**RECONVENE INTO REGULAR BUSINESS SESSION**

*Chair Tonore reconvened the meeting into regular business session at 9:53 a.m.*

**ADJOURNMENT**

*Chair Tonore adjourned the meeting at 9:53 a.m.*

\_\_\_\_\_  
ATTEST: \_\_\_\_\_ Todd Tonore, Chair

\_\_\_\_\_  
\_\_\_\_\_  
Susana Marin, City Secretary



# CITY OF MANSFIELD

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

## STAFF REPORT

File Number: 21-4156

**Agenda Date:** 7/12/2021

**Version:** 2

**Status:** Consent

**In Control:** City Council

**File Type:** Resolution

**Agenda Number:**

**Title**

Resolution - A Resolution to Consider a Proposed Amendment to the Consultant Agreement with Pacheco Koch in the amount of \$56,100 for Additional Services Related to Design Development, Construction Documents and Construction Administration Services for the McClendon Park Improvements Project

**Requested Action**

Consider and Approve a Resolution to Amend Consultant Agreement

**Recommendation**

Approve Resolution

**Description/History**

McClendon Park West is a 4.8-acre neighborhood park constructed in 1985. In 1999, the park was renovated to include a new playground, restrooms, pavilion, parking lot and picnic stations. In 2007, a basketball court, drainage flume and additional parking was added. In 2016, the playground was replaced and ADA and ballfield improvements were completed.

McClendon Park East is a 16.4-acre park constructed in 1994 with assistance from Texas Parks and Wildlife and is connected to McClendon Park West by an unimproved, natural trail. The park is comprised of one lighted baseball field, a concession/restroom building, a pavilion, and small playground area. With growing surrounding residential development, these parks are seeing more public use and in need of general improvements.

In July 2020, the City Council repurposed \$700,000 in general obligation bond funding to address the aging park playground amenities, trail connection, and the addition of a splash pad in these parks. A consultant agreement was executed with Pacheco Koch in the amount of \$49,600 to study and make recommendations for these improvements. After reviewing several site plan options, the City Council directed staff to proceed with a plan to move the basketball court to the south side of the park. This will enable a splash pad to be constructed in the current location of the basketball court and construct a new restroom building and expanded parking in the front of the park.

With the expanded scope of the project, an amendment to the consultant agreement in the amount of \$56,100 is necessary to proceed with construction documents. The professional services proposal from Pacheco Koch is attached. Additional funding for this project will be included in the FY2021-2022 MPFDC budget for a total project budget of \$2,500,000. Staff is proposing to use a Construction Manager at Risk (CMAR) delivery method for the actual

construction of the project.

**Justification**

Improvements to these parks will replace the oldest playground in the parks and recreation system at McClendon Park East and add a splash pad at McClendon Park West for residents in the southwest quadrant of the city.

**Funding Source**

Repurposed General Obligation Bond Funding  
MPFDC ½ Cent Sales Tax

**Prepared By**

Matt Young, Director of Community Services  
[Matt.Young@mansfieldtexas.gov](mailto:Matt.Young@mansfieldtexas.gov)  
817-728-3397



**RESOLUTION NO. \_\_\_\_\_****A RESOLUTION TO CONSIDER A PROPOSED AMENDMENT TO THE CONSULTANT AGREEMENT WITH PACHECO KOCH IN THE AMOUNT OF \$56,100 FOR ADDITIONAL SERVICES RELATED TO DESIGN DEVELOPMENT, CONSTRUCTION DOCUMENTS AND CONSTRUCTION ADMINISTRATION SERVICES FOR THE MCCLENDON PARK IMPROVEMENTS PROJECT**

**WHEREAS**, the City Council and Mansfield Park Facilities Development Corporation (MPFDC) approved the Parks, Recreation, Open Space & Trails Master Plan in October 2020; and,

**WHEREAS**, the Master Plan determined that neighborhood parks and splash pads were high priority projects over the next 10 years; and,

**WHEREAS**, the MPFDC has determined that constructing the proposed improvements at McClendon Park East and West will fulfill priority needs as indicated in the Master Plan; and,

**WHEREAS**, funding for this project will be available in the FY2021-2022 MPFDC budget.

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

**SECTION 1.**

The City Council approves executing an amendment to the consultant agreement with Pacheco Koch for additional services related to design development, construction documents and construction administration services for the McClendon Park Improvement project in the amount of Fifty Six Thousand One Hundred Dollars (\$56,100).

**PASSED AND APPROVED THIS THE 12<sup>TH</sup> DAY OF JULY, 2021.**

\_\_\_\_\_  
**Michael Evans, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Susana Marin, City Secretary**

July 6, 2021  
PK No.: 4073-20.671

**Mr. Matt Young**  
*Director of Parks and Recreation*  
**CITY OF MANSFIELD**  
210 Smith Street  
Mansfield, Texas 76063

Re: Additional Services  
**McCLENDON PARK EAST & McCLENDON PARK WEST**  
**Landscape Architecture and Civil Engineering**  
*Mansfield, Tarrant County, Texas*

Dear Mr. Young:

As you are aware, Pacheco Koch Consulting Engineers, Inc. has been requested to provide services on the referenced site that we believe are outside the Scope of Work of our revised proposal dated October 21, 2021, and subsequent additional services proposals as applicable. These services are as follows:

The City would like to reduce the scope of work for the existing contract at McClendon Park East and add new scope at McClendon Park West. Scope of work removed from McClendon Park East and added to McClendon Park West include prefab restroom building and splash pad amenities and will require the additional services listed below. The McClendon Park East project was designed to a 30% CD level and will require redesign of documents as listed below.

It is our understanding that, prior to beginning work, Pacheco Koch will be provided a current comprehensive Boundary & Topographic Survey of the site to be utilized in preparation of the site development plans. The survey will be provided in an AutoCAD compatible format. Pacheco Koch will be entitled to rely on this survey as being true and accurate in all respects and assume no liability for errors or conflicts that may arise as a result of inaccurate or incomplete information on said survey.

### **McClendon Park East**

#### **Landscape Architecture Services**

REVISIONS TO THE SITE PLAN: The consultant will revise the site plan as appropriate to incorporate City directed changes associated with a reduction of scope for McClendon Park East and moving programmatic elements to McClendon Park West.

*Included in this item:*

- One (1) conceptual option in draft format for review by the City.
- Color plan graphic of selected conceptual option.
- Opinion of Probable Construction Cost.
- Coordination of Site plan with CMAR selected Contractor.

REVISION TO PLANS: The consultant will revise the plans as appropriate to incorporate City directed changes associated with a reduction of scope for McClendon Park East and moving programmatic elements to McClendon Park West. Improvements at McClendon Park East will now include: a 5–12-year-old playground with shade sails, exterior stairs and ramps, fencing, mow curbs, plantings, irrigation and retaining walls less than 36" in height, sidewalks and site furnishings.

*Included in this item:*

- Plan submittals to the City as laid out in the original scope of work
- Coordination of plan submittals and design with CMAR selected Contractor

## **McClendon Park West**

### **Landscape Architecture Services**

It is understood that the scope and fee for the Landscape Architecture - Splash Pad at McClendon Park East is no longer needed for that park and will be utilized on McClendon Park West and remains as stated in the original contract.

SUBMITTALS & COORDINATION MEETINGS: Consultant will attend meetings and/or presentations to coordinate with other team members and the owner during the design phase of McClendon Park West, as laid out in the original scope of work. Plans will be incorporated into the McClendon Park East plan set and submitted as outlined for Owner review.

*Included in this item:*

- Official plan review submittals as follows:
  - One (1) Site Plan review submittal.
  - One (1) 60% plan review submittal.
  - One (1) 90% plan review submittal.
  - One (1) "For Bid/Permit" submittal.
  - One (1) "For Construction" submittal.
- Coordination of plan submittals and design with CMAR selected Contractor

FULL LANDSCAPE ARCHITECTURE PLAN SERVICES: Consultant will provide Landscape Architecture Design services for McClendon Park West that consists of hard and soft surface elements of the site on the ground plane, excluding vehicular paving, based on the site plan provided by the City, see Exhibit A attached. Elements typically include pedestrian paving, pedestrian handrails, exterior stairs and ramps, site furniture, fencing, mow curbs, landscape plantings, irrigation, shade structures, and seat walls/retaining walls less than 36" in height.

*Included in this item:*

- Coordination of City review and approval of plans prepared as part of this item.
- Construction Documents: Plans to include layout, hardscape/amenities (fencing, pedestrian paving, shade structures, ball field foul ball netting, signage, playground, planting, irrigation and detail plans to a level sufficient to demonstrate design intent and allow the construction thereof, including materials and quantity schedules. Technical specifications will be prepared for each critical item in the Landscape Architectural Plans, through NCTCOG standard specifications, City specifications, or Master-Spec supplemental documents as required.
- Coordination with the Civil Engineer to connect drainage structures as necessary.
- Coordination with Structural Engineer related to shade structures and footings, if required.

*Not included in this item:*

- Way-finding signage on buildings or for vehicular circulation. Retaining wall design for walls over 36" in total height, or with surcharges.
- SWPPP Plans.
- Vehicular Paving Plans.
- Detailed splash pad design related to structural support/detailing, MEP systems, code compliance requirements, safety mechanisms and other detailed design shall be by the contractor or water feature consultant hired by others.
- Vehicular pavement design and grading. Paving enhancement design for vehicular areas, if any, will be provided to the civil engineer in the design development phase for incorporation into the vehicular paving plans.
- Irrigation systems utilizing reclaimed water that require pumps, filters and associated controls. This can be provided as an additional service if needed.
- LEED pursuit.
- Green roofs or terraces over structure.
- Bid Phase services.
- Baseball field improvements beyond foul ball netting.

TAS/TDLR COORDINATION: Consultant will prepare submittal paperwork and submit plans and specifications to a Registered Accessibility Specialist (RAS) to be reviewed in accordance with the Texas Accessibility Standards (TAS); particularly, the Architectural Barriers Act.

*Included in this item:*

- One (1) revision to the plans to respond to any deficiencies in the plans and specifications identified in the RAS plan review.

*Not included in this item:*

- Changes to plan sheets other than those representing deficiencies in the design identified by the RAS.
- Site visits with the RAS for site inspection.
- Fees for the review and inspection will be submitted as a reimbursable expense.

REIMBURSABLE EXPENSES: Included in this item are usual and customary expenses normally incurred during this type of project. These could include travel expenses, courier delivery charges, overnight delivery charges, copies of deeds, copies of existing plans and/or maps, photocopies, printing and reproduction (either in-house or by reproduction company). Application, review and filing fees are not included in this item. A copy of our "Standard Billing Rates for In-House Reimbursable Charges" is attached for your reference.

## **Engineering Services**

REVIEW/CONVERSION OF SURVEY INFORMATION PROVIDED BY OTHERS: Consultant will review an on the ground survey of the property prepared by others and provided by the City of Mansfield. The survey should include those items listed on the attached Exhibit "A". If possible, the surveyor who prepared the drawing should complete the enclosed Boundary & Topographic Survey Checklist. A copy should be returned to Consultant at the time the survey is provided for review. If required pursuant to a review of the survey, Consultant will prepare a letter of review comments, based upon those items listed on the attached Exhibit "A", and will submit this letter to the City of Mansfield to obtain necessary survey revisions or additional information. Included in this item are two (2) reviews of the survey with the purpose of the second review being to verify that the comments and any additional information required have been addressed.

*(Continued from previous page)*

Any survey revisions and/or subsequent reviews shall be made on an hourly rate basis. Any information, such as existing utility plans, not available through the independent surveyor and required for civil design, will be obtained by Consultant and compensated on an hourly rate basis. Also included in this item is the conversion of supplied digital information to standard Consultant CAD layering format.

It is understood that the scope and fee from McClendon Park East is no longer needed and will be utilized on McClendon Park West and remains as stated below. Consultant will revise the existing plans as needed.

**MCCLENDON PARK WEST GRADING & DRAINAGE PLAN:** Consultant will prepare a Grading & Drainage plan for the project. This plan will show existing grades, proposed contours and spot elevations as required, and existing and proposed finished floor elevations.

*Included in this item:*

- Coordination of City review and approval of plans prepared as part of this item.
- One (1) revision to the plan to reflect site plan changes as a result of Owner or Architect comments. Additional changes will be made on an hourly rate basis.
- Preparation of a site Drainage Area Map that will define stormwater discharges and proposed drainage patterns for the site.
- Design of on-site storm sewer, if required.
- Redesign of the site grading to balance the cut/fill on the site based upon contractor input.
- Early grading permit coordination

*Not included in this item:*

- Profiles for public and private systems.
- Design of stormwater detention facilities.
- Design of any off-site storm sewer or drainage improvements not described above.
- Design of any underfloor drainage systems or grading, and the design of French drain systems around the building perimeters.
- Additional modifications to cut/fill balance the site after the initial revision.
- Structural wall design or drainage thru wall

It is understood that the scope and fee from McClendon Park East is no longer needed and will be utilized on McClendon Park West and remains as stated below. Additional coordination will be added for the CMAR process with the contractor.

**PRIVATE WATER & SANITARY SEWER PLAN:** Consultant will prepare plans for private on-site water and sanitary sewer improvements for the proposed splash pad. These improvements will be designed from existing public mains located adjacent to the site to a point 5-feet outside the splash pad pump vault. The connection points will be coordinated with the MEP consultant, splash pad designs, or the Architect. Our assumption is that the city will allow splash pad discharge to drain into the sanitary sewer.

*Included in this item:*

- Coordination of City review and approval of plans prepared as part of this item.
- One (1) revision to the plan to reflect site plan changes as a result of Owner comments. Additional changes will be made on an hourly rate basis.

*Not included in this item:*

- Design of any public water or sanitary sewer improvements or extensions not described above.
- Profiles for public or private systems.
- Improvements to address any deficiencies in existing restroom fire coverage.
- Design of fire coverage for existing or proposed facilities.
- Lift Station Design

STORMWATER POLLUTION PREVENTION PLAN: Consultant will prepare a Stormwater Pollution Prevention Plan for construction activities in the project area including an Erosion Control Plan, Instructions to the Contractor and Contractor's Checklists.

*Included in this item:*

- Coordination of City review and approval of plans prepared as part of this item.
- One (1) revision to the plan to reflect site plan changes as a result of Owner or Architect comments. Additional changes will be made on an hourly rate basis.

*Not included in this item:*

- Review and determination of any listed endangered or threatened species or designated critical habitats in the project area.
- Construction administration or monitoring of contract activities during construction.
- Assistance to the Owner and to the Contractor in filing the required Notice of Intent (NOI) and the Notice of Termination (NOT) form for the proposed construction activities.

### **Engineering Special Services**

STRUCTURAL PLAN: It is understood that the scope and fee for the Structural Plan from McClendon Park East is no longer needed and will be utilized on McClendon Park West and remains as stated in the original contract.

ELECTRICAL PLAN: It is understood that the scope and fee for the Electrical Engineering Plan from McClendon Park East is no longer needed and will be utilized on McClendon Park West. Additional design is required for the improvements at McClendon Park West beyond the original contract at McClendon Park East. Lift station design is included in this scope and fee.

*Not included in this item:*

- Design for a generator for the lift station.

### **Engineering Special Services (If Requested)**

It is understood that the scope and fee for the Structural Plan and Electrical Engineering Plan from McClendon Park East is no longer needed and will be utilized on McClendon Park West and remains as stated in the original contract. Additional coordination will be added for the Lift Station and structural walls.

MCCLENDON PARK WEST SANITARY SEWER LIFT STATION: Consultant will coordinate with pump manufacturers to provide a small pre-packaged sanitary sewer lift station. The contractor shall be responsible for coordinating electrical service connection from the ROW or building to the lift station.

*Included in this item:*

- Design of force main to gravity sewer connection
- Coordination with prefabricated building manufacturer on sewer connection point.
- Coordination with manufacturers to specify prepackaged lift station, wet vault, and control panel.

*Not included in this item:*

- Structural foundation detailing or wet well/manhole design.
- Electrical or plumbing design

We propose that the total fee of our current contract be *increased by a lump sum* to cover personnel expenses involved in these changes as follows:

**McCLENDON PARK EAST**

**Landscape Architecture Services**

REVISIONS TO THE SITE PLAN	\$ 1,800.00
REVISION TO LANDSCAPE PLANS	<u>\$ 4,400.00</u>

**TOTAL \$ 6,200.00**

**McCLENDON PARK WEST**

**Landscape Architecture Services**

SITE PLAN PHASE	\$ 2,500.00
SUBMITTALS & COORDINATION MEETINGS	\$ 2,500.00
FULL LANDSCAPE ARCHITECTURE PLAN SERVICES	\$ 17,900.00
TAS/TDLR COORDINATION	\$ 1,000.00
REIMBURSABLE EXPENSES	<u>\$ 500.00</u>

**TOTAL \$ 24,400.00**

**Engineering Services**

REVIEW/CONVERSION OF SURVEY INFORMATION PROVIDED BY OTHERS	\$ 2,500.00
MCCLENDON PARK WEST GRADING & DRAINAGE PLAN	\$ 10,500.00
PRIVATE WATER & SANITARY SEWER PLAN	No Additional Fee
STORMWATER POLLUTION PREVENTION PLAN	<u>\$ 3,500.00</u>

**TOTAL \$ 16,500.00**

**Engineering Special Services**

STRUCTURAL PLAN	No Additional Fee
ELECTRICAL PLAN	<u>\$ 5,500.00</u>

**TOTAL \$ 5,500.00**

**GRAND TOTAL \$ 52,600.00**

**Engineering Special Services (If Requested)**

MCCLENDON PARK WEST SANITARY SEWER LIFT STATION	\$ 3,500.00
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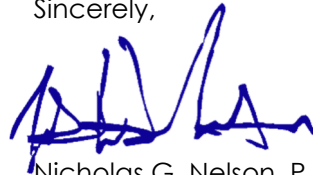
Terms and conditions shall be the same as per our original agreement.

Please note that the fees above are based on the assumption that Pacheco Koch will perform the above services all together for this project. In the event any item is deleted from the scope of work, Pacheco Koch reserves the right to adjust the fees for other items as appropriate.

Mr. Matt Young  
July 6, 2021  
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If this request is acceptable to you as presented, please sign where indicated below and return to our office for our mutual agreement. If you have any questions or need any additional information, please call me at your earliest convenience.

Sincerely,



Nicholas G. Nelson, P.L.A., LEED®AP

ACCEPTED BY: **City of Mansfield**

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PRINTED NAME AND TITLE

DJW/aew/4073-20.671\_Add Serve1





# CITY OF MANSFIELD

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

## STAFF REPORT

File Number: 21-4157

**Agenda Date:** 7/12/2021

**Version:** 1

**Status:** Consent

**In Control:** City Council

**File Type:** Resolution

**Agenda Number:**

**Title**

Resolution - A Resolution to Consider Executing a Consultant Agreement with Dunaway Associates, L.P. in the amount of \$179,925 for Design Development, Construction Documents and Construction Administration Services for Gertie Barrett Park

**Requested Action**

Consider and Approve a Resolution to Execute a Consultant Agreement

**Recommendation**

Approve Resolution

**Description/History**

Gertie Barrett Park is an 8.1-acre undeveloped site located in the northwest quadrant of the city which was purchased by the Mansfield Park Facilities Development Corporation in 2009 for future development. The conceptual master plan includes the construction of a playground, splash pad, restrooms, pavilion, basketball court, looped trail, exercise stations and parking lot.

The professional services proposal from Dunaway Associates, L.P. is attached. As a first phase of work, Dunaway will perform a site opportunities evaluation, facilitate community input, prepare a master development plan with budget projections, and recommend a program for implementation of park improvements. In the second phase, Dunaway will provide schematic design, design development drawings, and final construction documents to be used for the purpose of bidding and construction. Staff is proposing to use a Construction Manager at Risk (CMAR) delivery method for the actual construction of the project. Funding for this project will be provided through general obligation bond funding issued in July 2021.

**Justification**

Development of the proposed park on Gertie Barrett Road will provide access to thousands of current residents, as well as thousands more in the future with three proposed residential developments in this immediate area.

**Funding Source**

General Obligation Bond Funding

**Prepared By**

Matt Young, Director of Community Services

[Matt.Young@mansfieldtexas.gov](mailto:Matt.Young@mansfieldtexas.gov)

817-728-3397

**RESOLUTION NO. \_\_\_\_\_****A RESOLUTION TO CONSIDER EXECUTING A CONSULTANT AGREEMENT WITH DUNAWAY ASSOCIATES, L.P. IN THE AMOUNT OF \$179,925 FOR DESIGN DEVELOPMENT, CONSTRUCTION DOCUMENTS AND CONSTRUCTION ADMINISTRATION SERVICES FOR GERTIE BARRETT PARK**

**WHEREAS**, the City Council and Mansfield Park Facilities Development Corporation (MPFDC) approved the Parks, Recreation, Open Space & Trails Master Plan in October 2020; and,

**WHEREAS**, the Master Plan determined that neighborhood parks and splash pads were high priority projects over the next 10 years; and,

**WHEREAS**, the MPFDC has determined that constructing the proposed improvements at Gertie Barrett Park will fulfill the highest priority project in the northwest quadrant as indicated in the Master Plan; and,

**WHEREAS**, funding for this project will be available through General Obligation Bonds in the FY2021-2022 budget.

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

**SECTION 1.**

The City Council approves executing a consultant agreement with Dunaway Associates, L.P. for design development, construction documents and construction administration services for the Gertie Barrett Park in the amount of One Hundred Seventy Nine Thousand Nine Hundred and Twenty Five Dollars (\$179,925).

**PASSED AND APPROVED THIS THE 12<sup>TH</sup> DAY OF JULY, 2021.**

\_\_\_\_\_  
**Michael Evans, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Susana Marin, City Secretary**

**PROPOSAL FOR PROFESSIONAL SERVICES  
For  
GERTIE BARRETT PARK**

**Mansfield, Texas**

**July 6, 2021**

**I. PROJECT UNDERSTANDING**

Dunaway Associates, L.P. (**"Dunaway"**) will perform professional design services for the City of Mansfield (**"City"**) to develop park improvements at Gertie Barret Park on Garretson Lane in Mansfield, Texas. As a first phase of work, Dunaway will perform a site opportunities evaluation, facilitate community input, prepare a master development plan with budget projections, and recommend a program for implementation of park improvements. In the second phase, Dunaway will provide schematic design, design development drawings, and final construction documents to be used for the purpose of bidding and construction. It is assumed a Construction Manager at Risk (CMAR) will be the delivery method for the actual construction of the project.

Dunaway's scope of services includes professional landscape architectural and engineering services. This scope of services and fee schedule is based upon an approximate total project budget of \$1,500,000 as identified by City staff. Of that project budget, it is assumed construction costs may total approximately \$1,300,000. The City has identified the following preliminary program for the park development: parking lot, restroom, pump room, sprayground, playground, pavilion, and loop trail.

**II. SCOPE OF SERVICES**

**PHASE I – MASTER DEVELOPMENT PLAN**

**A. Data Gathering & Program Confirmation**

1. The City will provide Dunaway all available information for the current on-site and off-site conditions including, but not limited to the following: GIS files; as-built CAD files, aerial photographs; topographic surveys; easements; boundary surveys; property lines; roadways and parking; utility locations; trees and vegetation; hydrology and drainage information.
2. Based upon the information provided by the City, Dunaway will prepare an existing conditions base map for use in the planning process. The base map

will be comprised of existing features as received from the City and will serve as the foundation graphic for the Master Development Plan.

3. Dunaway will attend one (1) kick-off meeting with City representatives to discuss and confirm the project schedule, project goals, and desired park program items to be included in the Master Development Plan.
4. While in town for item A.3, Dunaway will perform one (1) site review with City representatives to observe the existing conditions and areas for possible development.
5. Based upon the site review, Dunaway will evaluate current site conditions noting opportunities and constraints that will address possible development zones within the park redevelopment area.
6. Based upon the site review, Dunaway will prepare Site Analysis exhibit(s) documenting current conditions and Opportunities & Constraints exhibit(s) that will address possible development zones within the park.
7. Dunaway will attend one (1) meeting with City Staff to review the Site Analysis and Opportunities & Constraints findings and exhibits. During the meeting, the group will discuss the potential areas & final program desired for park development.
8. Dunaway will facilitate one (1) Community Meeting to present the Site Analysis findings and obtain citizen input on the desired goals, program items, and potential improvements. If requested, this will include (1) recorded presentation for the City to post for residents not able to attend the Community meeting. This recording will include (1) online / web-based survey format that viewers may complete to provide feedback.

**Task A Deliverables:**

- Kick-off Meeting Notes in PDF Format
- Base map for Existing Site in PDF Format
- Site Analysis and Opportunities & Constraints Exhibit(s) in PDF Format
- Site Analysis and Opportunities & Constraints Meeting Notes in PDF Format
- Community Meeting Powerpoint Presentation in PDF Format
- Community Meeting Notes in PDF Format
- Recorded Presentation with Survey Link in MP4 Format
- Online Survey Results in PDF Format

B. Master Development Plan

1. Based upon program as approved by the City, Dunaway will prepare up to two (2) concept plan alternatives for review with City staff.
2. Dunaway will attend (1) meeting with the City staff to review the concept plan alternatives. During this meeting, one Consensus Concept Plan will be agreed upon.
3. Based on input received in B.2, Dunaway will prepare one (1) Consensus Concept Plan in B&W format for review with City staff by conference call.
4. Based on input received in B.3, Dunaway will prepare one (1) Preliminary Master Development Plan graphic with Preliminary Budget Projections.
5. Dunaway will facilitate (1) Community Meeting to present the Preliminary Master Development Plan to the public. If requested, this will include (1) recorded presentation for the City to post for residents not able to attend the Community meeting. This recording will include (1) online / web-based survey format that viewers may complete to provide feedback.
6. Based on input received from City staff and the Community Meeting, Dunaway will prepare (1) Final Master Development Plan graphic with Final Budget Projections.

**Task B Deliverables:**

- Concept Plan Alternatives in PDF format
- Concept Plan Alternatives Meeting Notes in PDF Format
- Consensus Concept Plan in PDF format
- Consensus Concept Plan Conference Call Notes in PDF Format
- Preliminary Master Development Plan in PDF format
- Preliminary Budget Projections in PDF format
- Community Meeting Powerpoint Presentation in PDF Format
- Community Meeting Notes in PDF Format
- Recorded Presentation with Survey Link in MP4 Format
- Online Survey Results in PDF Format
- Final Master Development Plan in PDF Format
- Final Budget Projections in PDF Format

## **PHASE II – IMPLEMENTATION**

### **A. SCHEMATIC DESIGN**

1. Based on the site review and City provided topographic survey information, Dunaway will prepare one (1) Schematic Design Concept Plan identifying proposed park improvements. The Plan will be based upon the City-approved program items and the estimated construction budget as approved by the City.
2. Based upon the Schematic Design Layout Plan, Dunaway will prepare a Preliminary Cost Opinion for the proposed improvements.
3. Dunaway will attend one (1) meeting with City staff to review the Schematic Design Layout Plan and Cost Opinion to confirm the overall design layout and obtain City approval before proceeding into the Design Development phase of work. If the City increases the program and construction budget, Dunaway will review with the City the required additional fees necessary to cover the increase in scope of work. Dunaway will not proceed into the Design Development phase until the final program and cost opinion have been approved in writing by the City.
4. Based on the approved Schematic Design Layout Plan, Dunaway will provide to the City and geotechnical engineer one (1) Geotechnical Boring Location Exhibit to include necessary boring locations. The City will be responsible for selecting and procuring geotechnical services for this project and providing Dunaway with recommendations from the engineer for use in construction drawings.

#### **Task A Deliverables:**

- Schematic Design Layout Plan in PDF Format
- Schematic Design Meeting Notes in PDF Format
- Preliminary Cost Opinion in PDF Format
- Geotechnical Boring Location Exhibit in PDF & CAD Format

### **B. DESIGN DEVELOPMENT**

1. Based upon approval of the Schematic Design Layout Plan from the City, Dunaway will prepare Design Development drawings for the proposed improvements. The Design Development drawings will be prepared at an approximate 50% level of completion of Construction Documents.

2. The City will provide all front-end documents, contracts, insurance requirements, general conditions, etc. for use by the CMAR and Dunaway in preparing the specifications and contract documents.
3. Dunaway will prepare a preliminary Table of Contents for the specifications and contract documents (Contract Manual).
4. Dunaway will submit the Design Development drawings, Cost Opinion and Table of Contents for the specifications and contract documents to the City and CMAR for review and comment.
5. The City and CMAR will forward all review comments in writing to Dunaway for the Design Development drawings submittal. Dunaway will obtain these comments and approval from the City prior to proceeding into Final Construction Documents.

**Task B Deliverables:**

- 50% Design Development Drawings
- Table of Contents for Contract Manual
- 50% Design Development Cost Opinion

C. FINAL CONSTRUCTION DOCUMENTS

1. Based upon approval from the City for the Design Development drawings submittal, Dunaway will prepare final Construction Documents at an approximate 95% level of completion. The Construction Documents will be comprised of both the drawings and the specifications & contract documents.
2. Dunaway will submit the 95% Construction Documents and cost opinion to the City and CMAR for final review and comments. The City and CMAR will provide Dunaway final, written comments for all revisions requested to the Final Construction Documents.
3. Based upon the final written comments received from the City, Dunaway will prepare final 100% Construction Documents for the CMAR to utilize in bidding the breakout packages for the project.
4. Dunaway will submit the Final Construction Documents to the Texas Department of Licensing and Regulation (TDLR) for the State required accessibility review. Fees associated with Plan Review and Project Filing are included in this Scope of Services.



**Task C Deliverables:**

- 95% Construction Documents
- 95% Cost Opinion
- 100% Construction Documents
- Submission of Construction Documents for TDLR Plan Review and Project Filing

D. BID PHASE

1. The CMAR will be responsible for the advertisement of the bidding, printing and distribution of bid sets and overall management of the bidding process.
2. If required, Dunaway will assist on CMAR-prepared addenda during the bid phase.
3. Dunaway will assist the City and CMAR in reviewing the Contractor's bids.

**Task D Deliverables:**

- Review of contractor's bids

E. CONSTRUCTION PHASE

1. Dunaway will assist the City by attending a pre-construction meeting and a maximum of six (6) 2-hour progress meetings (i.e., 1 hour travel, 1 hour meeting) during construction to evaluate completion of work by the CMAR. If the number of required meetings or the amount of meeting time increases, additional time can be provided by Dunaway as an additional service as requested and approved by the City in writing. These meetings will be billed to the City monthly as a reimbursable expense according to Dunaway's standard hourly rate schedule. The CMAR will be responsible for the day-to-day administration of the construction contract.
2. Dunaway will prepare a field notes summary as necessary for meetings attended during the construction of the project.
3. Dunaway will process submittal and shop drawing reviews as submitted by the CMAR during the construction process.
4. Dunaway will assist the CMAR in attending one (1) initial walk-through with the Contractor and subcontractors to review substantial completion of work. Dunaway will provide written

comments to the City and CMAR for the preparation of a “punch list” for work to be completed by the CMAR.

5. When the CMAR indicates “punch list” items are completed, Dunaway will assist the City and CMAR in attending one (1) final walk-through with the Contractor and subcontractors to review completion of work.

**Task E Deliverables:**

- Meeting notes for progress meetings/reviews as necessary
- Processing of submittals and RFIs
- “Punch List” from Initial Walk-Through

**F. FLOOD STUDY**

1. Dunaway will request the effective model for Hogpen Branch from the City of Mansfield. If the City of Mansfield does not have the effective models, Dunaway will need to request from FEMA for an additional FEMA-fee of \$393 and it may take up to 5 weeks to get the data. Dunaway will use the effective model of Hogpen Creek as the base and create a corrected effective model with more recent contour data through the Project site. Dunaway will then coordinate with the Client on the desired location of the park improvements and necessary grading to create a proposed conditions model that does not cause any adverse impacts per the City of Mansfield criteria.
2. Dunaway will create a brief report in accordance with the City of Mansfield criteria summarizing the results of the corrected effective and proposed flood study for the Project. This report will include methodologies used, assumptions made, and conclusions reached as well as the supporting exhibits and HEC-RAS models.

**Deliverables:**

- Digital (PDF) copy of the Flood Study Report including all necessary exhibits and supporting documentation.
- Digital (CAD) file of the 100-year floodplain delineation (FEMA, corrected effective and proposed) within the project site.

**III. ASSUMPTIONS**

- A. As stated in the Project Understanding, this scope of services and fee schedule is based upon an approximate total project budget of \$1,500,000 as identified by City staff. Of that project budget, it is assumed construction costs may total approximately \$1,300,000. Should this construction budget

substantially increase or decrease; or, if the City should require a significant number of alternate bid items to be included in the construction document package, Dunaway and City staff will re-evaluate this scope of work and determine the basis of compensation in accordance with revisions to the design services.

- B. The City will provide, as expeditiously as possible, all readily available base information that it currently has in its possession, necessary to complete the Scope of Services described herein. Should Dunaway need any additional survey information, the City will provide this information to Dunaway. All information provided by the City is assumed by Dunaway to be accurate and complete, unless indicated otherwise by the City. Any information required to complete this Scope of Services that cannot be readily provided by the City will remain the responsibility of the City. All such information shall be provided to Dunaway and any costs associated with acquisition of information will be borne by the City.
- C. This Scope of Services does not include water permitting related to the following agencies: U.S. Army Corps of Engineers 404 Permitting; Federal Emergency Management Agency (FEMA) map revision preparation and processing; Texas Commission on Environmental Quality (TCEQ) permits or applications. These services are being prepared under a separate agreement.
- D. Any services for environmental engineering such as an Environmental Assessment (E.A.) or Environmental Impact Statement (E.I.S.) are not included in this Scope of Services and would be considered additional services.
- E. This Scope of Services does not include any services for geotechnical engineering evaluations of soils testing. The City will contract separately for geotechnical services as required for the project.
- F. This Scope of Services does not include any services for traffic studies or transportation engineering/planning studies.
- G. This Scope of Services does not include design or production of any marketing materials to be utilized by the City for such items as press releases, web postings, brochures, flyers, posters, 3D animations, videos, etc.
- H. The City or CMAR will pay for all required governmental processing fees, public notice advertising costs, and printing of bid documents/plans for bidding and construction.

- J. It is anticipated that the proposed improvements identified in this scope of work will be prepared as one bid package. If additional bid packages are required by the City, Dunaway will re-evaluate the scope of services to address additional fees not covered in this scope of work.
- K. The City will be responsible for advertising & recruiting all Community Meetings in this Scope of Services, arranging the facility to host these meetings, and advertising and hosting for any online surveys prepared by Dunaway for community input.
- L. This Scope of Services does not include any professional surveying services including boundary survey, topographic survey, platting services, etc.

### III. COMPENSATION

Dunaway Associates, L.P. proposes to provide the above-described scope of services for a Lump Sum fee of \$179,925 (One Hundred Seventy-Nine Thousand Nine Hundred Twenty-Five and 00/100 Dollars) as follows:

#### **PHASE I - MASTER DEVELOPMENT PLAN**

A. Data Gathering, Programming & Program Confirmation .....	\$ 22,045
B. Master Development Plan .....	\$ 23,285
<b>Subtotal Phase I Services (Items A through B).....</b>	<b>\$ 45,330</b>

#### **PHASE II – IMPLEMENTATION**

##### Basic Design Services

A. Schematic Design.....	\$ 14,325
B. Design Development .....	\$ 35,750
C. Final Construction Documents.....	\$ 53,750
D. Bid Phase.....	\$ 4,425
E. Construction Phase .....	\$ 12,350

**Subtotal Phase II Basic Design Services (Items A through E) .....\$120,600**

Specialty Services

F. Flood Study.....\$ 13,995

**Subtotal Phase II Specialty Services (Item F).....\$ 13,995**

**TOTAL PHASE I AND PHASE II\* .....\$ 179,925**

\* Customary in-house expenses incurred by Dunaway related to performing this Scope of Services are included in the lump sum fee listed above (e.g., in-house copies, mileage, tolls, computer plotting, photography, meals, etc.). Special request expenses for out-of-house services are not included in the lump sum fee listed above and will be billed as a reimbursable expense. These may include, but are not limited to: couriers/deliveries, repro services, multiple print copies, binding, dry mounting, etc.



# CITY OF MANSFIELD

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

## STAFF REPORT

File Number: 21-4158

**Agenda Date:** 7/12/2021

**Version:** 1

**Status:** Consent

**In Control:** City Council

**File Type:** Resolution

**Agenda Number:**

**Title**

Resolution - A Resolution Determining the Construction Manager-At-Risk Delivery Method as Providing the Best Value for Construction of the McClendon Park Improvements

**Requested Action**

Consider and Approve Resolution for Delivery Method

**Recommendation**

Approve Resolution

**Description/History**

Texas Government Code section 2267.056(a) requires a City to determine a delivery method that provides the best value to the City before advertising for bids from a contractor if using one of the following options: 1) competitive sealed proposals; 2) design/build contract; 3) a construction manager-agent; 4) a construction manager-at-risk; or 5) a job order contract for the minor repair, rehabilitation, or alteration of a facility.

Subject to Council approval, staff will seek out Request for Qualifications from companies qualified to perform the construction. The selection and approval of the recommended, qualified construction company will be scheduled for a future Mansfield Park Facilities Development Corporation agenda and a City Council agenda for approval.

**Justification**

It is important to select the Construction Manager-At-Risk delivery method before the project is advertised for bid. This method provides the greatest opportunity for saving money and time on the project.

**Funding Source**

N/A

**Prepared By**

Matt Young, Director of Community Services  
[Matt.Young@mansfieldtexas.gov](mailto:Matt.Young@mansfieldtexas.gov)  
817-728-3397

**RESOLUTION NO. \_\_\_\_\_****A RESOLUTION DETERMINING THE CONSTRUCTION MANAGER-AT-RISK DELIVERY METHOD AS PROVIDING THE BEST VALUE FOR CONSTRUCTION OF THE MCCLENDON PARK IMPROVEMENTS**

**WHEREAS**, the City of Mansfield, Texas 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 desires to make improvements to McClendon Park East and West; and,

**WHEREAS**, Texas Government Code section 2267.056(a) requires that, in order to select a construction delivery method other than competitive bidding, before advertising, the governing body of a city is required to determine which delivery method under Chapter 2267 of Texas Government Code provides the best value to the City; and,

**WHEREAS**, the City Council has deliberated on the construction delivery options available for improvements to McClendon Park East and West and has determined that the Construction manager-At-Risk delivery method provides the best value to the city.

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

**SECTION 1.**

The City Council of the does hereby find that the Construction Manager-At-Risk delivery method provides the best value for the City in the construction of improvements at McClendon Park East and West and does hereby designate the Construction Manager-At-Risk delivery method for the construction of that project.

**PASSED AND APPROVED THIS THE 12<sup>TH</sup> DAY OF JULY, 2021.**

\_\_\_\_\_  
**Michael Evans, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Susana Marin, City Secretary**



# CITY OF MANSFIELD

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

## STAFF REPORT

File Number: 21-4159

**Agenda Date:** 7/12/2021

**Version:** 1

**Status:** Consent

**In Control:** City Council

**File Type:** Resolution

**Agenda Number:**

**Title**

Resolution - A Resolution Determining the Construction Manager-At-Risk Delivery Method as Providing the Best Value for Construction of Gertie Barrett Park

**Requested Action**

Consider and Approve Resolution for Delivery Method

**Recommendation**

Approve Resolution

**Description/History**

Texas Government Code section 2267.056(a) requires a City to determine a delivery method that provides the best value to the City before advertising for bids from a contractor if using one of the following options: 1) competitive sealed proposals; 2) design/build contract; 3) a construction manager-agent; 4) a construction manager-at-risk; or 5) a job order contract for the minor repair, rehabilitation, or alteration of a facility.

Subject to Council approval, staff will seek out Request for Qualifications from companies qualified to perform the construction. The selection and approval of the recommended, qualified construction company will be scheduled for a future Mansfield Park Facilities Development Corporation agenda and a City Council agenda for approval.

**Justification**

It is important to select the Construction Manager-At-Risk delivery method before the project is advertised for bid. This method provides the greatest opportunity for saving money and time on the project.

**Funding Source**

N/A

**Prepared By**

Matt Young, Director of Community Services  
[Matt.Young@mansfieldtexas.gov](mailto:Matt.Young@mansfieldtexas.gov)  
817-728-3397



**RESOLUTION NO. \_\_\_\_\_****A RESOLUTION DETERMINING THE CONSTRUCTION MANAGER-AT-RISK DELIVERY METHOD AS PROVIDING THE BEST VALUE FOR CONSTRUCTION OF GERTIE BARRETT PARK**

**WHEREAS**, the City of Mansfield, Texas 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 desires to build a new neighborhood park; and,

**WHEREAS**, Texas Government Code section 2267.056(a) requires that, in order to select a construction delivery method other than competitive bidding, before advertising, the governing body of a city is required to determine which delivery method under Chapter 2267 of Texas Government Code provides the best value to the City; and,

**WHEREAS**, the City Council has deliberated on the construction delivery options available for construction of the new neighborhood park and has determined that the Construction manager-At-Risk delivery method provides the best value to the city.

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

**SECTION 1.**

The City Council does hereby find that the Construction Manager-At-Risk delivery method provides the best value for the City in the construction of the new neighborhood park and does hereby designate the Construction Manager-At-Risk delivery method for the construction of that project.

**PASSED AND APPROVED THIS THE 12<sup>TH</sup> DAY OF JULY, 2021.**

\_\_\_\_\_  
**Michael Evans, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Susana Marin, City Secretary**



# CITY OF MANSFIELD

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

## STAFF REPORT

File Number: 21-4169

**Agenda Date:** 7/12/2021

**Version:** 1

**Status:** Consent

**In Control:** City Council

**File Type:** Resolution

**Agenda Number:**

**Title**

Resolution - A Resolution Authorizing the City to Enter Into an Advance Funding Agreement with the Texas Department of Transportation for Local Government Contributions to the Lone Star Road Bridges at US Highway 287 Project for Decorative Iron Safety Railings and Authorizing Funding in the Amount of \$150,000.00 (Street Bond Fund)

**Requested Action**

Consider the Resolution approving the Advance Funding Agreement and authorizing funding.

**Recommendation**

Approval of the Resolution.

**Description/History**

The Texas Department of Transportation has undertaken the project to add frontage roads to US Highway 287 between the Union Pacific Railroad and Lone Star Road. The project also includes new bridges at Lone Star Road to accommodate the ultimate widening of Lone Star Road. During design, Mansfield staff requested TxDOT add decorative iron safety railings to the sides of the bridge to match the railings that exist on the Broad Street and Walnut Creek Drive bridges at US 287 and the Heritage Parkway bridge over the railroad. The TxDOT standard for railings would be a much lower galvanized single or double rail. Staff believes it is important to match the railings we have been specifying on other bridges over US 287 for consistency and aesthetics, and that the iron fencing is a safer rail for pedestrians. Upon completion of design, TxDOT estimates the added cost to be \$150,000 and is requiring the City to contribute this amount to the project cost through an Advance Funding Agreement. This is a common practice between the State and municipalities and Mansfield has entered into many of these cost participation agreements with TxDOT in the past.

Mansfield staff also requested street lighting on the bridges as that was not originally included in the design. TxDOT agreed to add lighting at their cost.

The US 287 project design is nearing completion and TxDOT still lists a bid date of August 2021 with construction starting in early 2022. Mansfield is still working on the design of utility relocations for water and sewer lines that must be moved to facilitate the frontage road construction.

**Justification**

Staff believes it is important to match the railings we have specified on other bridges over US 287 for consistency, aesthetics, and enhanced safety. The State has funded the design of these improvements and agrees to cover any cost overruns.

The Director of Public Works will be in attendance at the meeting to answer Council's questions.

**Funding Source**

Street Bond Fund

**Prepared By**

Bart VanAmburgh, P.E.  
Director of Public Works

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION AUTHORIZING THE CITY TO ENTER INTO AN ADVANCE FUNDING AGREEMENT WITH THE TEXAS DEPARTMENT OF TRANSPORTATION FOR LOCAL GOVERNMENT CONTRIBUTIONS TO THE LONE STAR ROAD BRIDGES AT US HIGHWAY 287 PROJECT FOR DECORATIVE IRON SAFETY RAILINGS AND AUTHORIZING FUNDING IN THE AMOUNT OF \$150,000.00 (STREET BOND FUND)**

**WHEREAS**, the Texas Department of Transportation has undertaken the improvement project to add frontage roads to US Highway 287 and Lone Star Road bridges over US Highway 287; and,

**WHEREAS**, the City of Mansfield desires to enhance the bridge project by adding decorative iron safety railings along the edges of the bridges to better serve the interests of the citizens; and,

**WHEREAS**, it is recognized that it is in the best interest of the citizens of the City of Mansfield that the City of Mansfield enter into an Advance Funding Agreement with the Texas Department of Transportation to permit the desired enhancements; and,

**WHEREAS**, The Texas Department of Transportation and the City of Mansfield have agreed to said terms of the Advance Funding Agreement.

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

**SECTION 1.**

The City Manager or his designee is hereby authorized and directed to execute an Advance Funding Agreement with the Texas Department of Transportation for the construction of enhanced iron bridge railings on the Lone Star Road bridges at US Highway 287.

**SECTION 2.**

Funding is hereby authorized in the amount of One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) (Street Bond Fund) for the construction of enhanced iron bridge railings on the Lone Star bridges.

**PASSED AND APPROVED THIS THE 12<sup>TH</sup> DAY OF JULY, 2021.**

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**Michael Evans, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Susana Marin**, City Secretary

CSJ #	0172-10-013
District #	02-Fort Worth
Code Chart 64 #	26500
Project Name	Cast Iron Fencing

STATE OF TEXAS       §

COUNTY OF TRAVIS   §

**ADVANCE FUNDING AGREEMENT FOR VOLUNTARY  
LOCAL GOVERNMENT CONTRIBUTIONS  
TO TRANSPORTATION IMPROVEMENT PROJECTS  
WITH NO REQUIRED MATCH  
ON-SYSTEM**

**THIS AGREEMENT** is made by and between the State of Texas, acting by and through the **Texas Department of Transportation** called the "State", and the **City of Mansfield**, acting by and through its duly authorized officials, called the "Local Government". The State and Local Government shall be collectively referred to as "the parties" hereinafter.

**WITNESSETH**

**WHEREAS**, federal law establishes federally funded programs for transportation improvements to implement its public purposes, and

**WHEREAS**, Transportation Code, Chapters 201 and 221, authorize the State to lay out, construct, maintain, and operate a system of streets, roads, and highways that comprise the State Highway System; and

**WHEREAS**, Government Code, Chapter 791, and Transportation Code, §201.209 and Chapter 221, authorize the State to contract with municipalities and political subdivisions; and

**WHEREAS**, the Texas Transportation Commission passed Minute Order Number **115814** authorizing the State to undertake and complete a highway improvement generally described as adding cast iron fencing ; and

**WHEREAS**, the Local Government has requested that the State allow the Local Government to participate in said improvement by funding that portion of the improvement described as **adding decorative cast iron fences on top of proposed Lone Star Road Bridge railing for safety and aesthetics** (Project); and

**WHEREAS**, the State has determined that such participation is in the best interest of the citizens of the state;

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants and agreements of the parties, to be by them respectively kept and performed as set forth in this Agreement, it is agreed as follows:

<b>CSJ #</b>	<b>0172-10-013</b>
<b>District #</b>	<b>02-Fort Worth</b>
<b>Code Chart 64 #</b>	<b>26500</b>
<b>Project Name</b>	<b>Cast Iron Fencing</b>

## **AGREEMENT**

### **1. Period of the Agreement**

This Agreement becomes effective when signed by the last party whose signing makes the Agreement fully executed. This Agreement shall remain in full force and effect until the Project has been completed and accepted by all parties or unless terminated as provided below.

### **2. Project Funding and Work Responsibilities**

- A. The State will authorize the performance of only those Project items of work which the Local Government has requested and has agreed to pay for as described in Attachment A, Payment Provision and Work Responsibilities (Attachment A) which is attached to and made a part of this contract. In addition to identifying those items of work paid for by payments to the State, Attachment A also specifies those Project items of work that are the responsibility of the Local Government and will be carried out and completed by the Local Government, at no cost to the State.
- B. At least sixty (60) days prior to the date set for receipt of the construction bids, the Local Government shall remit its financial share for the State's estimated construction oversight and construction costs.
- C. In the event that the State determines that additional funding by the Local Government is required at any time during the Project, the State will notify the Local Government in writing. The Local Government shall make payment to the State within thirty (30) days from receipt of the State's written notification.
- D. Whenever funds are paid by the Local Government to the State under this Agreement, the Local Government shall remit a check or warrant made payable to the "Texas Department of Transportation" or may use the State's Automated Clearing House (ACH) system for electronic transfer of funds in accordance with instructions provided by TxDOT's Finance Division. The funds shall be deposited and managed by the State and may only be applied by the State to the Project.

### **3. Right of Access**

If the Local Government is the owner of any part of the Project site, the Local Government shall permit the State or its authorized representative access to the site to perform any activities required to execute the work.

### **4. Adjustments Outside the Project Site**

The Local Government will provide for all necessary right of way and utility adjustments needed for performance of the work on sites not owned or to be acquired by the State.

### **5. Responsibilities of the Parties**

The State and the Local Government agree that neither party is an agent, servant, or employee of the other party and each party agrees it is responsible for its individual acts and deeds as well as the acts and deeds of its contractors, employees, representatives, and agents.

<b>CSJ #</b>	<b>0172-10-013</b>
<b>District #</b>	<b>02-Fort Worth</b>
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<b>Project Name</b>	<b>Cast Iron Fencing</b>

**6. Document and Information Exchange**

The Local Government agrees to electronically deliver to the State all general notes, specifications, contract provision requirements and related documentation in a Microsoft® Word or similar document. If requested by the State, the Local Government will use the State's document template. The Local Government shall also provide a detailed construction time estimate including types of activities and month in the format required by the State. This requirement applies whether the local government creates the documents with its own forces or by hiring a consultant or professional provider. At the request of the State, the Local Government shall submit any information required by the State in the format directed by the State.

**7. Interest**

The State will not pay interest on funds provided by the Local Government. Funds provided by the Local Government will be deposited into, and retained in, the State Treasury.

**8. Inspection and Conduct of Work**

Unless otherwise specifically stated in Attachment A, the State will supervise and inspect all work performed hereunder and provide such engineering inspection and testing services as may be required to ensure that the Project is accomplished in accordance with the approved plans and specifications. All correspondence and instructions to the contractor performing the work will be the sole responsibility of the State. Unless otherwise specifically stated in Attachment A to this contract, all work will be performed in accordance with the *Standard Specifications for Construction and Maintenance of Highways, Streets, and Bridges* adopted by the State and incorporated in this agreement by reference, or special specifications approved by the State.

**9. Increased Costs**

If any existing or future local ordinances, commissioners court orders, rules, policies, or other directives, including but not limited to outdoor advertising billboards and storm water drainage facility requirements, are more restrictive than State or Federal Regulations, or if any other locally proposed changes, including but not limited to plats or replats, result in increased cost to the department for a highway improvement project, then any increased costs associated with the ordinances or changes will be paid by the Local Government. The cost of providing right of way acquired by the State shall mean the total expenses in acquiring the property interests either through negotiations or eminent domain proceedings, including but not limited to expenses related to relocation, removal, and adjustment of eligible utilities.

**10. Insurance**

If this Agreement authorizes the Local Government or its contractor to perform any work on State right of way, before beginning work the entity performing the work shall provide the State with a fully executed copy of the State's Form 1560 Certificate of Insurance verifying the existence of coverage in the amounts and types specified on the Certificate of Insurance for all persons and entities working on State right of way. This coverage shall be maintained until all work on the State right of way is complete. If coverage is not maintained, all work on State right of way shall cease immediately, and the State may recover damages and all costs of completing the work.



<b>CSJ #</b>	<b>0172-10-013</b>
<b>District #</b>	<b>02-Fort Worth</b>
<b>Code Chart 64 #</b>	<b>26500</b>
<b>Project Name</b>	<b>Cast Iron Fencing</b>

#### 11. **Project Maintenance**

The Local Government shall be responsible for maintenance of locally owned roads and locally owned facilities after completion of the work. The State shall be responsible for maintenance of the State highway system after completion of the work if the work was on the State highway system, unless otherwise provided for in Attachment A or existing maintenance agreements with the Local Government.

#### 12. **Termination**

- A. This agreement may be terminated in the following manner:
  - 1. By mutual written agreement and consent of both parties;
  - 2. By either party upon the failure of the other party to fulfill the obligations set forth in this agreement; or
  - 3. By the State if it determines that the performance of the Project is not in the best interest of the State.
- B. If the agreement is terminated in accordance with the above provisions, the Local Government will be responsible for the payment of Project costs incurred by the State on behalf of the Local Government up to the time of termination.
- C. Upon completion of the Project, the State will perform an audit of the Project costs. Any funds due to the Local Government, the State, or the Federal Government will be promptly paid by the owing party.

#### 13. **Notices**

All notices to either party by the other required under this agreement shall be delivered personally or sent by certified or U.S. mail, postage prepaid or sent by electronic mail, (electronic notice being permitted to the extent permitted by law but only after a separate written consent of the parties), addressed to such party at the following addresses:

<b>Local Government:</b>	<b>State:</b>
City of Mansfield ATTN: Director of Public Works 1200 East Broad Mansfield, TX 76063	Texas Department of Transportation ATTN: Director of Contract Services 125 E. 11 <sup>th</sup> Street Austin, TX 78701

All notices shall be deemed given on the date so delivered or so deposited in the mail, unless otherwise provided in this agreement. Either party may change the above address by sending written notice of the change to the other party. Either party may request in writing that such notices shall be delivered personally or by certified U.S. mail and such request shall be honored and carried out by the other party.

#### 14. **Sole Agreement**

In the event the terms of the agreement are in conflict with the provisions of any other existing agreements between the Local Government and the State, the latest agreement shall take precedence over the other agreements in matters related to the Project.

<b>CSJ #</b>	<b>0172-10-013</b>
<b>District #</b>	<b>02-Fort Worth</b>
<b>Code Chart 64 #</b>	<b>26500</b>
<b>Project Name</b>	<b>Cast Iron Fencing</b>

**15. Successors and Assigns**

The State and the Local Government each binds itself, its successors, executors, assigns, and administrators to the other party to this agreement and to the successors, executors, assigns, and administrators of such other party in respect to all covenants of this agreement.

**16. Amendments**

By mutual written consent of the parties, this agreement may be amended in writing prior to its expiration.

**17. State Auditor**

Pursuant to Texas Government Code § 2262.154, the state auditor may conduct an audit or investigation of any entity receiving funds from the state directly under the contract or indirectly through a subcontract under the contract. Acceptance of funds directly under the contract or indirectly through a subcontract under this contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

**18. Signatory Warranty**

Each signatory warrants that the signatory has necessary authority to execute this Agreement on behalf of the entity represented.

**THIS AGREEMENT IS EXECUTED** by the State and the Local Government.

<b>THE STATE OF TEXAS</b>	<b>THE LOCAL GOVERNMENT</b>
_____ Signature	_____ Signature
Carl L. Johnson, P. E _____ Typed or Printed Name	Joe Smolinski _____ Typed or Printed Name
District Engineer, Fort Worth _____ Typed or Printed Title	City Manager _____ Typed or Printed Title
_____ Date	_____ Date

<b>CSJ #</b>	<b>0172-10-013</b>
<b>District #</b>	<b>02-Fort Worth</b>
<b>Code Chart 64 #</b>	<b>26500</b>
<b>Project Name</b>	<b>Cast Iron Fencing</b>

**ATTACHMENT A  
PAYMENT PROVISION AND WORK RESPONSIBILITIES**

The Local Government has requested to participate in the improvement described as adding decorative cast iron fences on top of proposed Lone Star Road Bridge railing for safety and aesthetics.

The Local Government is responsible for the cost of the project. The Local Government will contribute a fixed amount of \$150,000.00 to the project, total cost of which will be \$150,000.00. The State will perform all work and pay all cost overruns.



# CITY OF MANSFIELD

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

## STAFF REPORT

File Number: 21-4163

**Agenda Date:** 7/12/2021

**Version:** 1

**Status:** Approval of Minutes

**In Control:** City Council

**File Type:** Meeting Minutes

**Agenda Number:**

**Title**

Minutes - Approval of the June 28, 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 June 28, 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

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Monday, June 28, 2021

4:00 PM

Council Chambers

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#### REGULAR MEETING

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

*Mayor Evans called the meeting to order at 4:00 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

#### **RECESS INTO EXECUTIVE SESSION**

*In accordance with Texas Government Code, Chapter 551, Mayor Evans recessed the meeting into executive session at 4:02 p.m. Mayor Evans called the executive session to order in the Council Conference Room at 4:07 p.m. Mayor Evans adjourned the executive session at 7:05 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 Pending Litigation - Cause No. DC-20-16161

Seek Advice of City Attorney Regarding Store Master Funding VIII, LLC Ground Lease Agreement

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

Right-of-Way Acquisition for the Day Miar Road Project

Land Acquisition for Future Development

#### **Personnel Matters Pursuant to Section 551.074**

Evaluation of City Secretary

Evaluation of City Attorney

**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 #21-21

Economic Development Project #21-22

**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 the meeting into regular business session at 7:15 p.m.*

**INVOCATION**

*Bethlehem Baptist Church Reverend Leonard Hornsby gave the Invocation.*

**PLEDGE OF ALLEGIANCE**

*Council Member Broseh 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 Short led the Texas Pledge.*

**PRESENTATION**

Presentation to Council from Representative David L. Cook

*State Representative David L. Cook presented Mayor Evans and each Council Member with a resolution on behalf of the State of Texas, congratulating them on their election or re-election to the Mansfield City Council. Representative Cook and City Manager Joe Smolinski made brief comments.*

**PROCLAMATION**[21-4148](#)

Proclamation - Park and Recreation Month

*Mayor Evans read and presented the Park and Recreation Month proclamation to Director of Community Services Matt Young and Mansfield Parks and Recreation staff.*

**CITIZEN COMMENTS**

*There were no citizen comments.*

**COUNCIL ANNOUNCEMENTS**

*Council Member Leyman had no announcements.*

*Council Member Short had no announcements.*

*Council Member Lewis had no announcements.*

*Mayor Pro Tem Tonore had no announcements.*

*Council Member Bounds had no announcements.*

*Council Member Broseh had no announcements.*

*Mayor Evans announced that the local blood supply has reached its lowest level in 30 years and encouraged those who are eligible and willing to donate blood. Mayor Evans thanked Director of Community Engagement Theresa Cohagen and Director of Communications and Outreach Bernadette McCranie, as well as their staff, for making sure Mansfield citizens are well aware of the upcoming 4th of July celebration and the hard work they have put into the event.*

**STAFF COMMENTS****City Manager Report or Authorized Representative**

Current/Future Agenda Items

*Bernadette McCranie provided a brief update regarding the Mansfield Rocks Weekend.*

Vaccination Clinic Update - Kevin Sandifer

*Joe Smolinski, Fire Chief Mike Ross, and Council presented EMS Chief Kevin Sandifer with the Jesse Fernandez Front-Line Leadership Award for the outstanding service he's provided to the Mansfield community and City staff throughout the last year. Kevin made brief comments and gave a brief update regarding the City's COVID-19 vaccination clinic.*

FY 2021 GFOA Distinguished Budget Award - Troy Lestina

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*Director of Finance Troy Lestina stated the City has received the FY 2021 GFOA Distinguished Budget Award and made brief comments.*

## **Business Services Department Report**

[21-4145](#)

Presentation of the Monthly Financial Report for the Period Ending May 31, 2021

*Troy Lestina was available for questions.*

## **TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION**

**A motion was made by Council Member Lewis to authorize staff to continue negotiations for the right-of-way acquisition as discussed in executive session. 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

**A motion was made by Council Member Short to authorize the City Manager or his designee to amend the ground lease agreement with Store Master Funding VIII, LLC, according to discussions in executive session. Seconded by Council Member Bounds. The motion CARRIED by the following vote:**

**Aye:** 6 - Larry Broseh; Julie Short; Casey Lewis; Todd Tonore; Michael Evans and Tamera Bounds

**Nay:** 1 - Mike Leyman

**Abstain:** 0

## **CONSENT AGENDA**

[21-4144](#)

Resolution - A Resolution Approving an Amendment to the Contract for Design Services with Wier and Associates, Inc. for Day Miar Road (East Broad Street to Seeton Road) for an Amount Not to Exceed \$36,500.00 (Street Bond Fund)

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

**A RESOLUTION APPROVING AN AMENDMENT TO THE CONTRACT FOR DESIGN SERVICES WITH WIER AND ASSOCIATES, INC. FOR DAY MIAR RD. (EAST BROAD ST. TO SEETON RD.) FOR AN AMOUNT NOT TO EXCEED \$36,500.00**

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



**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

Enactment No: RE-3761-21

[21-4146](#)

Resolution - A Resolution Authorizing the City Manager and the Police Department to Make Application, Receive and Expend Grant Funding from the Texas Department of Motor Vehicle Crime Prevention Authority to Continue a Multi-Agency Task Force

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

**A RESOLUTION AUTHORIZING THE CHIEF OF POLICE AND THE POLICE DEPARTMENT TO MAKE APPLICATION, RECEIVE, AND EXPEND GRANT FUNDING FROM THE TEXAS DEPARTMENT OF MOTOR VEHICLES MOTOR VEHICLE CRIME PREVENTION AUTHORITY TO CONTINUE A MULTI-AGENCY TASK FORCE**

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

**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

Enactment No: RE-3762-21

[21-4143](#)

Minutes - Approval of the June 14, 2021 Regular City Council Meeting Minutes

**A motion was made by Council Member Broseh to approve the minutes of the June 14, 2021 Regular City Council Meeting as presented. 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

**END OF CONSENT AGENDA**

**PUBLIC HEARING AND FIRST READING**

[21-4140](#)

Ordinance - Public Hearing and First Reading on an Ordinance Approving on a Zoning Change from SF-7.5/16 and SF-12/22 Single-Family Residential Districts to PD Planned Development District for Single-Family Residential Uses on Approximately 47.72 Acres out of the Arthur Gibson Survey, Abstract No. 302; Johnson County, Texas, Generally Located Approximately 1,650 Feet East of FM 917 and Approximately 2,700 Feet North of Bedford Road by Ben Luedtke on Behalf of M3 Ranch Development, Inc., Developer and M3 Ranch Land Investment, Owner (ZC#21-005)

*Director of Planning Jason Alexander presented the item and answered Council questions. Planner II/Gas Well Coordinator Art Wright clarified an issue regarding the drill site located on the property. Applicant Ben Luedtke, 3001 Knox Street, Dallas, gave a presentation and answered questions. Mayor Evans opened the public hearing at 8:33 p.m. With no one wishing to speak, Mayor Evans continued the public hearing through second reading at 8:34 p.m.*

**A motion was made by Council Member Short to approve the first reading of the following ordinance:**

**AN ORDINANCE OF THE CITY OF MANSFIELD, TEXAS, AMENDING CHAPTER 155 OF THE CODE OF ORDINANCES, "ZONING," 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 SINGLE-FAMILY RESIDENTIAL 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**

**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

**NEW BUSINESS**[21-4142](#)

Ordinance - Consideration of an Ordinance Requesting the Abandonment of a Portion of House Road Right-of-Way Relating to the Watson Branch Phase One Addition to R.C.M. Watson Branch Partners, LP and Mouser Electronics, Inc., and Reserving a Public Utility Easement

*City Engineer Raymond Coffman presented the item and answered Council questions.*

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

**AN ORDINANCE VACATING AND ABANDONING A PORTION OF RIGHT-OF-WAY**

**ALONG HOUSE ROAD, AND RESERVING A PUBLIC UTILITY EASEMENT FOR USE BY THE PUBLIC; AUTHORIZING THE MAYOR OF THE CITY OF MANSFIELD, TEXAS, TO EXECUTE QUITCLAIM DEEDS RELEASING PUBLIC OWNERSHIP INTEREST OR CONTROL OF SAID RIGHT-OF-WAY; AND 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-2210-21

[21-4147](#)

**Discussion and Possible Action Regarding Supplemental Information in the Council Candidate Application Packet**

*Mayor Evans presented the item. Council Member Bounds made a suggestion to revise the last sentence of the Election Candidate Qualifications document. Council Member Short suggested question number one on the Election Candidate Qualifications also ask the potential candidate to include the dates they have lived at the residential address(es) they list on the form. City Attorney Allen Taylor, Mayor Evans, and Susana Marin answered questions.*

**A motion was made by Council Member Broseh to approve the addition of the supplemental information to the City Council Candidate Packet with the changes as suggested by Council Member Bounds and Council Member Short. Seconded by Mayor Pro Tem 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

[21-4149](#)

**Discussion and Possible Action Regarding Sustainability Goals for the City of Mansfield, Texas**

*Council Member Lewis presented the item and stated he would like to begin discussions regarding the creation of a formal policy for building sustainability and other various sustainability goals for the city. Joe Smolinski spoke on sustainability efforts the city is currently making and noted staff will take an in-depth look into implementing sustainability practices to ensure the City is being fiscally and environmentally responsible.*

[21-4150](#)

**Discussion and Possible Action Regarding the Creation of a Cost Recovery Policy for Various City Services**

*Council Member Lewis presented the item and stated he would like to start discussions and get feedback from Council regarding a cost recovery policy for City*

*services, events, and facilities. Joe Smolinski commented on finding a balance in recovering costs and providing services at no cost as Mansfield residents pay taxes and therefore pay for City services. Joe stated staff could present an option to Council as part of each department's budget approval that would allow the cost of services to be recovered or be revenue-neutral. There was further Council discussion regarding a potential cost recovery policy.*

**ADJOURN**

**A motion was made by Council Member Leyman to adjourn the meeting at 9:13 p.m. 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

\_\_\_\_\_  
ATTEST: Michael Evans, Mayor

\_\_\_\_\_  
Susana Marin, City Secretary



# CITY OF MANSFIELD

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

## STAFF REPORT

File Number: 21-4140

**Agenda Date:** 7/12/2021

**Version:** 2

**Status:** Second Reading

**In Control:** City Council

**File Type:** Ordinance

**Agenda Number:**

**Title**

Ordinance - Public Hearing Continuation and Second and Final Reading of an Ordinance Approving on a Zoning Change from SF-7.5/16 and SF-12/22 Single-Family Residential Districts to PD Planned Development District for Single-Family Residential Uses on Approximately 47.72 Acres out of the Arthur Gibson Survey, Abstract No. 302; Johnson County, Texas, Generally Located Approximately 1,650 Feet East of FM 917 and Approximately 2,700 Feet North of Bedford Road by Ben Luedtke on Behalf of M3 Ranch Development, Inc., Developer and M3 Ranch Land Investment, Owner (ZC#21-005)

**Requested Action**

To consider the subject zoning change request.

**Recommendation**

The Planning and Zoning Commission held a public hearing on June 7, 2021, and voted 4 to 0 (Commissioners Axen, Goodwin and Groll absent) to recommend approval. During the discussion, Commissioners Mainer and Weydeck stated that they would like more Type 2 lots in this development.

Staff recommends approval.

**Description/History**

*Existing Use:* Agricultural

*Existing Zoning:* SF-7.5/12 and SF-12/22

*Surrounding Land Use & Zoning:*

North: Vacant land and single-family residential, PD for M3 Ranch

South: Single-family residential, PR and PD for Birdsong

East: Vacant land and single-family residential, PD for M3 Ranch

West: Vacant land and single-family residential, PD for M3 Ranch

*Thoroughfare Plan Specification:*

Future street - minor collector (three-lane undivided)

**Comments and Considerations**

The applicant is requesting a PD for single-family residential uses to accommodate a 47.72 acre addition to the M3 Ranch community. The property is located on the south side of M3 Ranch and north of the Birdsong development. The tract was previously owned by the Watson family for agricultural uses and created a cutout in southern boundary of M3

Ranch.

The proposed PD follows the current M3 Ranch development standards and will share the same homeowners association. M3 Ranch South will contain 157 single-family residential lots as shown on Exhibit C-1. There will be no townhouse or commercial uses in M3 Ranch South.

The phasing of M3 Ranch South will be included with the rest of M3 Ranch. The north part of the extension will be developed with Phase 2 and the south part with Phase 3 as shown on Exhibit G. Minor changes will be made to the existing M3 Ranch in this area to provide connectivity to M3 Ranch South.

The development of M3 Ranch South will provide right-of-way for the continuation of a minor collector street along the southern boundary that serves both M3 Ranch and the Birdsong Addition shown on Exhibit C-2. Secondary trails and sidewalks from M3 Ranch will also connect to M3 Ranch South as shown on Exhibit D-1. A decorative entry into the neighborhood will be provided from the future minor collector street as shown on Exhibits F-1 and F-2.

#### Lot Types

The Lot Types selected for M3 Ranch South include Types 2, 3 and 4 (70s, 60s and 50s) following the same regulations as M3 Ranch. The bulk area standards for these single-family residential products are as follows:

	<b>Type 2</b>	<b>Type 3</b>	<b>Type 4</b>
Min. Floor Area (sq. ft.)	2,200	2,000	1,800
Min. Lot Area (sq. ft.)	8,400	7,200	6,000
Min. Lot Width	70'	60'	50'
Min. Lot Depth	120'	120'	120'
Min. Front Setback	25'	25'	25'
Min. Rear Setback	15'	15'	15'
Min. Interior Side Yard	5'	5'	5'
Min. Exterior Side Yard (adjacent to street)	15'	15'	15'
Max. Lot Coverage	55%	55%	55%
Max. Height	35'	35'	35'
Min. Masonry Percentage	80%	80%	80%

As in M3 Ranch, M3 Ranch South will comply with the residential architectural standards in Section 4600 of the Zoning Ordinance except where noted in the proposed development standards (Exhibit B, Section 8.2.B on page 6).

M3 Ranch South does not contain Type 1 (80' wide) or Type 5 (40' wide) lots. The Type 1 lots are primarily reserved to face M3 Ranch Road, the main spine road, and a collector street in Phase 5. Type 5 lots must be served by alleys and would not be suitable in the limit space. The lot types in M3 Ranch immediately adjacent to the subject property are Type 4 (50' wide) to the west and Type 2 (70' wide) to the north. To the east are open space lots and a pipeline easement.

In proportion, the mid-sized lots (Types 3 and 4) are about 66% of the total number of lots (1,571 lots) in M3 Ranch. In M3 Ranch South, the mid-sized lots (Type 3) are 66% of the total (157 lots). By individual Lot Type, the percentages are as follows:

**Lot Type    M3 Ranch (1,571 lots)    M3 Ranch South (157 lots)**

Type 1	7%	0%
Type 2	17%	6%
Type 3	30%	66%
Type 4	36%	27%
Type 5	10%	0%

**Drill Site**

There is one drill site with two gas wells on the property and several easements to accommodate pipelines. As shown on Exhibit C-1, the residential lots around these facilities are situated outside the drill site boundaries and no part of the pipeline easements will be located on the residential lots. As in M3 Ranch, M3 Ranch South also mandates a minimum 250-foot setback for houses from a wellhead. The minimum setback for a house in the International Fire Code is 100 feet from a wellhead.

The drill site and pipelines are contained in open space lots maintained by the homeowners' association. The consent of the gas well operator will be required for any change to the surface area of the drill sites, access roads, and screening, and of the pipeline operators regarding street crossings. Drill site screening will match the screening of the other drill sites in M3 Ranch.

**Summary**

The M3 Ranch South PD regulations are compatible with the existing M3 Ranch and will allow the extension to share the same homeowners association. Additionally, inclusion of this property creates a more cohesive development pattern and better connectivity along the southern boundary of M3 Ranch.

**2nd Reading**

The City Council held a public hearing on June 28, 2021 and voted 7-0 to approve the zoning change at first reading.

The applicant has not made any changes to the development plan and exhibits for second reading but will be available to answer questions at the meeting.

**Justification**

See information above.

**Funding Source**

Not applicable.

**Prepared by**

Art Wright

Planner II  
817-276-4226



**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY OF MANSFIELD, TEXAS, AMENDING CHAPTER 155 OF THE CODE OF ORDINANCES, "ZONING," 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 SINGLE-FAMILY RESIDENTIAL 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**

**WHEREAS**, the Planning and Zoning Commission and the governing body of the City of Mansfield, Texas, in compliance with the laws of the State of Texas with reference to the amendment of Chapter 155 of Code of Ordinances, "Zoning," have given the requisite notices by publication and otherwise, and after holding due hearings and affording a full and fair hearing opportunity to all property owners generally and to owners of the affected properties, the governing body of the City is of the opinion and finds that Chapter 155 of the Code of Ordinances, "Zoning," and Zoning Map should be amended.

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

**SECTION 1.**

That Chapter 155 of the Code of Ordinances, "Zoning" of the City of Mansfield, Texas, be, and the same is hereby, amended by amending the Zoning Map of the City of Mansfield, to give the hereinafter described property a new zoning district classification of PD, Planned Development; said property being described in Exhibit "A" attached hereto and made a part hereof for all purposes.

**SECTION 2.**

That the use and development of the hereinabove described property shall be in accordance with the development plan shown on Exhibit "B" attached hereto and made a part hereof for all purposes.

**SECTION 3.**

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 4.**

That the above described properties shall be used only in the manner and for the purposes provided for in the Chapter 155 of the Code of Ordinances, "Zoning," of the City, as amended herein by the granting of this zoning classification.

**SECTION 5.**

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 or provision thereof, other than the part so declared to be invalid, illegal or unconstitutional, and shall not affect the validity of Chapter 155 of the Code of Ordinances, "Zoning," as a whole.

**SECTION 6.**

Any person, firm or corporation violating any of the provisions of this ordinance or Chapter 155 of the Code of Ordinances, "Zoning," as amended hereby, shall be deemed guilty of a misdemeanor and, upon conviction in the Municipal Court of the City of Mansfield, Texas, shall be punished by a fine not to exceed the sum of Two Thousand Dollars (\$2,000.00) for each offense, and each and every day any such violation shall continue shall be deemed to constitute a separate offense.

**SECTION 7.**

This ordinance shall take effect immediately from and after its passage on third and final reading and the publication of the caption, as the law and charter in such cases provide.

**FIRST READING APPROVED ON THE 28<sup>TH</sup> DAY OF JUNE, 2021.**

**DULY PASSED ON THE SECOND AND FINAL READING BY THE CITY COUNCIL OF THE CITY OF MANSFIELD, TEXAS, THIS 12<sup>TH</sup> DAY OF JULY, 2021.**

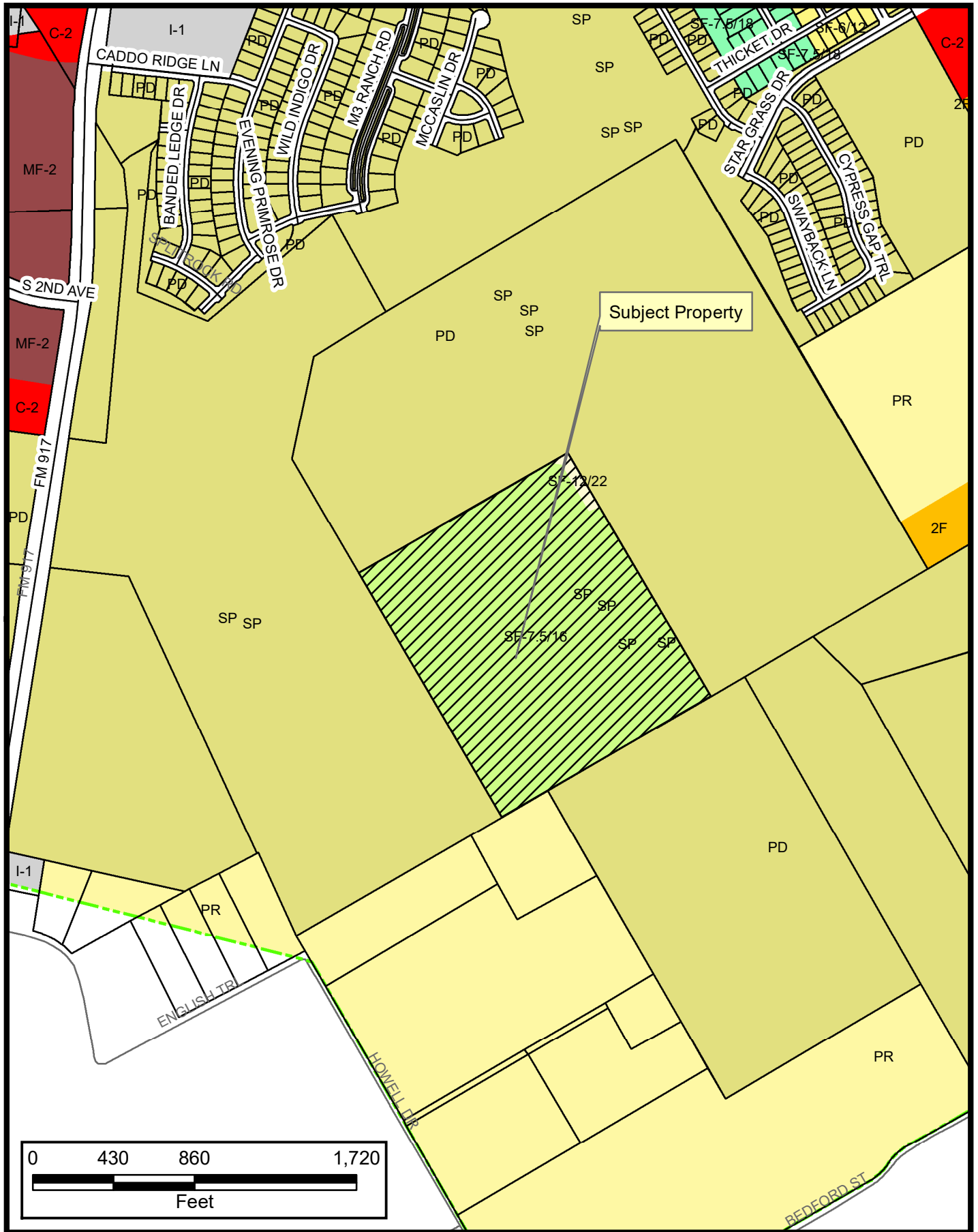
\_\_\_\_\_  
**Michael Evans, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Susana Marin, City Secretary**

**APPROVED AS TO FORM AND LEGALITY:**

\_\_\_\_\_  
**Allen Taylor**, City Attorney

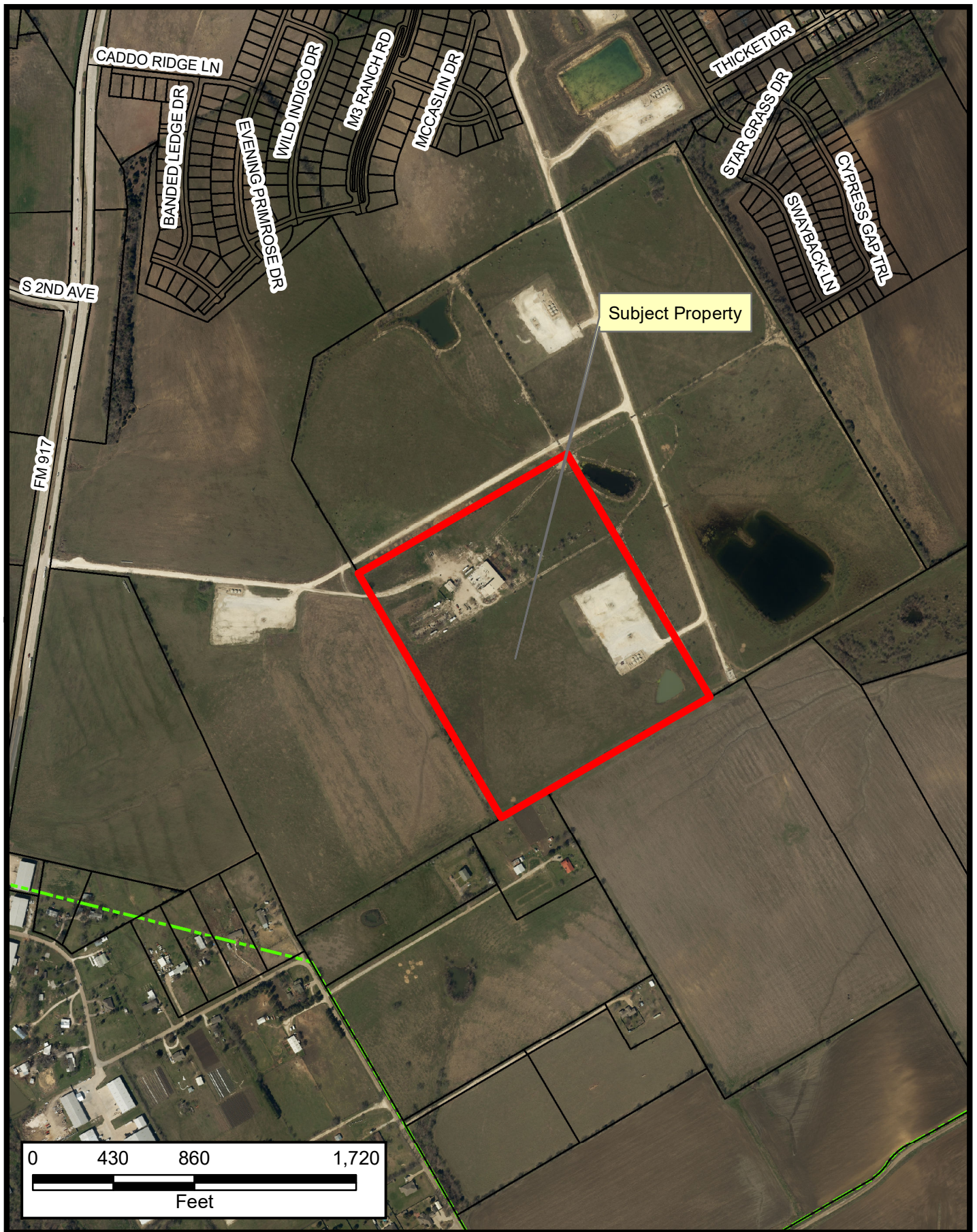


**ZC#21-005**

This information is for illustrative purposes only. Not for design or development purposes. Site-specific studies may be required to obtain accurate feature locations. Every effort is made to ensure the information displayed here is accurate; however, the City of Mansfield makes no claims to its accuracy or completeness.

5/13/2021





## Property Owner Notification for ZC#21-005

LEGAL DESC 1	LEGAL DESC 2	OWNER NAME	OWNER ADDRESS	CITY	ZIP
A BEDFORD	TR 1A	EDWARDS BRUCE K ETUX CYNTHIA	2505 HOWELL	VENUS, TX	76084
A BEDFORD	TR 1A	EDWARDS BRUCE K ETUX CYNTHIA	2505 HOWELL	VENUS, TX	76084
A BEDFORD	TR 1B	BERRY PAUL A ETUX JENNIFER F	2507 HOWELL DR	VENUS, TX	76084-3274
A BENFORD	TR 5	FIRST TEXAS HOMES INC	500 CRESCENT CT STE 350	DALLAS, TX	75201
A GIBSON	TR 2	M3 RANCH LAND INVESTMENT LTD	3001 KNOX ST STE 207	DALLAS, TX	75205
A GIBSON	TR 2A	SET BACK PARTNERS	100 N MITCHELL RD	MANSFIELD, TX	76063
J C GUEST	TR 5 (5) 1 (1)	SETBACK PARTNERS	100 N MITCHELL RD	MANSFIELD, TX	76063

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## Exhibit A

### EXHIBIT "A" ZONING DESCRIPTION 47.715 ACRES

BEING A 47.715 ACRE TRACT OF LAND SITUATED IN THE ARTHUR GIBSON SURVEY, ABSTRACT NO. 302, CITY OF MANSFIELD, JOHNSON COUNTY, TEXAS, AND BEING THAT TRACT OF LAND DESCRIBED TO M3 RANCH LAND INVESTMENT, LTD, BY DEED RECORDED IN COUNTY CLERK FILE No. 2019-30829, OFFICIAL PUBLIC RECORDS, JOHNSON COUNTY, TEXAS. SAID 47.715 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** AT A 5/8 INCH IRON ROD FOUND AT THE SOUTHEAST CORNER OF SAID M3 RANCH TRACT AND BEING THE SOUTHERN-MOST SOUTHWESTERLY CORNER OF A TRACT OF LAND DESCRIBED TO SET BACK PARTNERS, LTD. BY DEED RECORDED IN BOOK 2207, PAGE 816, OF SAID OFFICIAL PUBLIC RECORDS, AND BEING ON THE NORTH LINE OF A TRACT OF LAND DESCRIBED TO FIRST TEXAS HOMES, INC., BY DEED RECORDED IN COUNTY CLERK FILE No. 2019-571, OF SAID OFFICIAL PUBLIC RECORDS, FROM WHICH A 5/8-INCH IRON ROD FOUND AT THE COMMON CORNER OF SAID SET BACK TRACT AND A TRACT OF LAND DESCRIBED TO MANSFIELD INDEPENDENT SCHOOL DISTRICT, BY DEED RECORDED IN BOOK 857, PAGE 272, OF SAID OFFICIAL PUBLIC RECORDS, BEARS NORTH 59°50'23" EAST, DISTANCE OF 1,263.81 FEET;

THENCE, SOUTH 60°02'45" WEST, WITH THE SOUTHEAST LINE OF SAID M3 RANCH TRACT, A DISTANCE OF 1,384.43 FEET TO A 4-INCH METAL POST FOUND FOR THE SOUTHWEST CORNER OF SAID M3 RANCH TRACT;

THENCE NORTH 30°14'12" WEST, WITH THE WESTERLY LINE OF SAID M3 RANCH TRACT, A DISTANCE OF 1,499.16 FEET TO A 5/8 INCH IRON ROD WITH YELLOW PLASTIC CAP STAMPED "JACOBS" FOUND FOR CORNER;

THENCE NORTH 59°52'23" EAST, WITH THE NORTHERLY LINE OF SAID M3 RANCH TRACT, A DISTANCE OF 1,384.58 FEET TO A MAG NAIL WITH SHINER STAMPED "JACOBS" FOUND FOR CORNER;

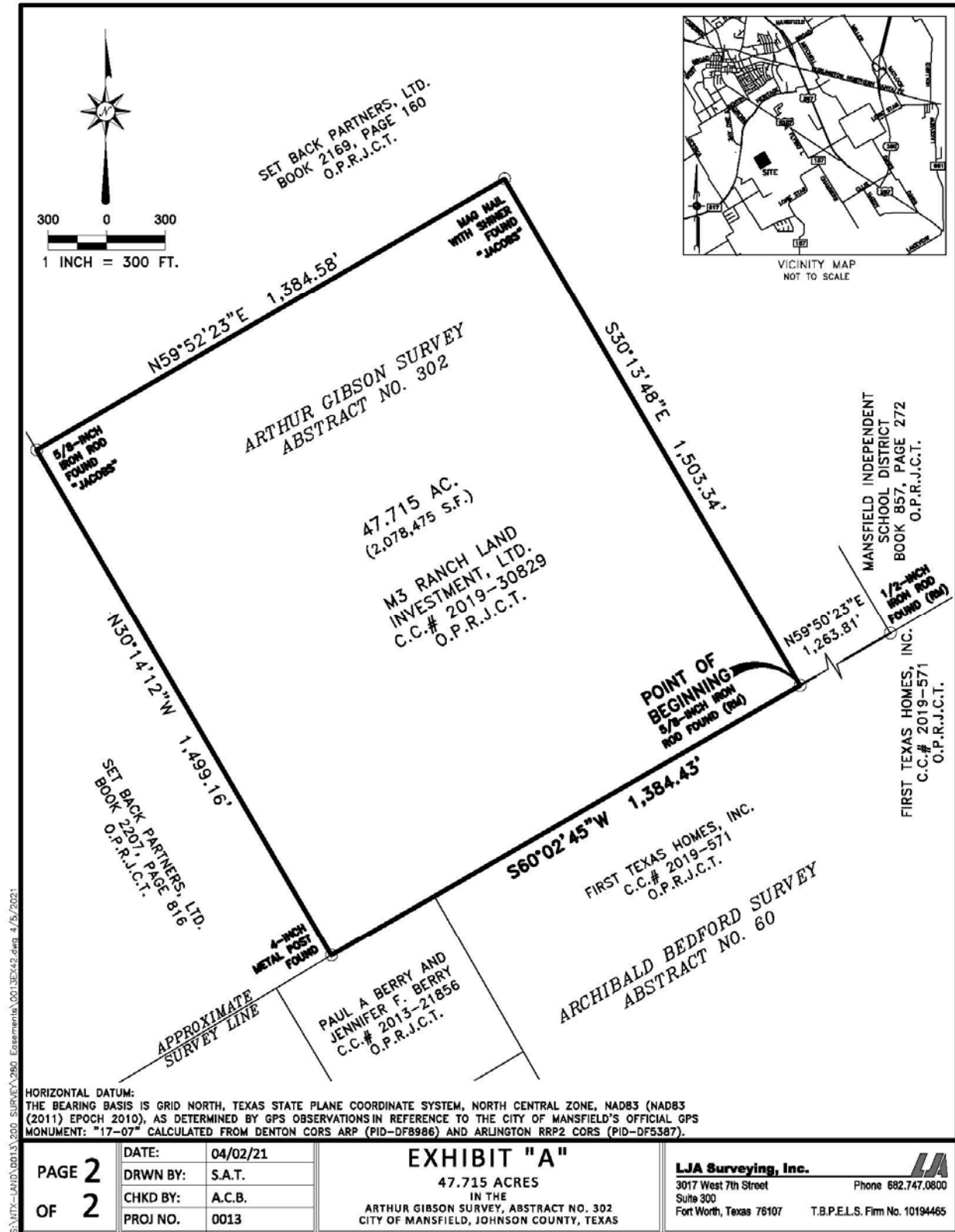
THENCE SOUTH 30°13'48" EAST, WITH THE EASTERLY LINE OF SAID M3 RANCH TRACT, A DISTANCE OF 1,503.34 FEET TO THE **POINT OF BEGINNING** AND CONTAINING A CALCULATED AREA OF 2,078,475 SQUARE FEET OR 47.715 ACRES OF LAND.

  
Aaron C. Brown, R.P.L.S.  
Registered Professional Land Surveyor  
Texas Registration No. 6702  
LJA Surveying, Inc.  
3017 West 7<sup>th</sup> Street, Suite 300  
Fort Worth, Texas 76107  
682-747-0800  
TBPELS Firm No. 10194540

April 2, 2021



Page 1 of 2



## Exhibit B

# M3 Ranch South Planned Development District Standards

### ***SECTION 1. PURPOSE AND INTENT***

M3 Ranch South is a 47.7-acre tract that is surrounded on 3 sides by M3 Ranch South which is an existing master-planned mixed-use community. The M3 Ranch South tract is intended to serve as an extension of the M3 Ranch development with the inclusion of a mixture of single-family residential housing options as well as open spaces.

The housing types and building design standards for any particular area shall be controlled by the regulations applicable to the pertinent districts delineated on the M3 Ranch South Development Plan.

The purpose and intent of this Planned Development District is also illustrated through the exhibits. In the event of a conflict between the written text and the illustrations, the written text contained herein shall control.

### ***SECTION 2. DEFINITIONS***

For the purposes of these regulations, the definitions and rules of construction found in Article 2 of the City of Mansfield's Zoning Ordinance, and any future amendments thereof, apply to development in M3 Ranch South. The terms defined below are specific to M3 Ranch South.

1. **Architectural Review Committee:** means the Architectural Review Committee created in the M3 Ranch South Covenants, Conditions and Restrictions (CC&Rs).
2. **M3 Ranch South Development Plan:** means Exhibit C-1 of these PD regulations that establish and delineate the boundaries of M3 Ranch South as well as land use sub-districts.
3. **Masonry:** means the following finishes: brick, stone, or man-made stone.
4. **Residential Product:** means the different varieties of residential lots that can be constructed in M3 Ranch South.

### ***SECTION 3. APPLICABILITY AND RULES OF CONSTRUCTION***

1. All development on land located within the boundaries of M3 Ranch South must adhere to the rules and regulations set forth in these M3 Ranch South Planned Development District Standards. All development plans recorded hereunder shall limit and control all building permits.
2. Except as provided by these M3 Ranch South Planned Development District Standards, development within M3 Ranch South is governed by the applicable City regulations. In the event of any conflict or inconsistency between these M3 Ranch South Planned Development District Standards and the applicable City regulations, the terms and provisions, of these M3 Ranch South Planned Development District Standards shall control.
3. The proposed development will be in complete accordance with the provisions of the approved Planned Development District and that all approved Development Plans shall be binding upon the applicant thereof, his successors and assigns, and shall limit and control all building permits.

### ***SECTION 4. CREATION OF DISTRICTS***

#### **1. Residential District (R)**

Any of the following products are allowable within the Residential District in accordance with the M3 Ranch South Planned Development District Standards. The Residential Districts are shown on Exhibit C-1.

##### **A. Residential Product 2**

Residential Product 2 is established for areas of low-density residential use and associated uses. The minimum lot size for the Residential Product 2 is 8,400 square feet.

##### **B. Residential Product 3**

Residential Product 3 is established for single-family residential purposes and associated uses on lots with a minimum area of 7,200 square feet.

##### **C. Residential Product 4**

Residential Product 4 is established for single-family residential purposes and associated uses on lots with a minimum area of 6,000 square feet.

## ***SECTION 5. PERMITTED USES***

1. **Residential District.** The permitted uses in the Residential District shall be single-family detached dwelling units as described in Section 4.1 of the M3 Ranch South Planned Development District Standards.

## ***SECTION 6. BULK STANDARDS***

### **1) Residential District**

Development within the Residential District must comply with the following development standards table.

#### **Detached Residential Products**

Products	Min. Lot Area (sq. ft.)	Min. Floor Area (sq. ft.)	Max. Lot Coverage	Min. Lot Width (feet)	Min. Lot Depth (feet)	Min. Front Yard (feet)	Min. Interior Side Yard (feet)	Min. Exterior Side Yard (feet)	Min. Rear Yard (feet)	Max. Height (feet)
2	8,400	2,200	55%	70	120	25	5	15	15	35
3	7,200	2,000	55%	60	120	25	5	15	15	35
4	6,000	1,800	55%	50	120	25	5	15	15	35

No additional side yard is required for units with more than one story.

Corner lots must be at least 10-feet wider than the minimum lot width for the product type.

## ***SECTION 7. RELATIONSHIP TO SUBDIVISION STANDARDS***

1. Unless specifically addressed in these regulations, the Subdivision Regulations for the City of Mansfield will govern the subdivision of land and construction of public improvements in M3 Ranch South.
2. Non-standard street sections must be approved by the City Engineer.
3. Any approved preliminary or final plat must substantially conform to the applicable approved Development Plan.
4. Maximum block lengths will be 1,200 ft.

## ***SECTION 8. GENERAL DESIGN STANDARDS***

### **1. M3 Ranch South Covenants, Conditions and Restrictions**

#### ***A. In General.***

The General Design Standards in this section must be read in conjunction with the M3 Ranch Covenants, Conditions and Restrictions (M3 Ranch CC&R's) which will be expanded to include the M3 Ranch South area. The City of Mansfield is not responsible for the enforcement of the M3 Ranch CC&R's.

#### ***B. Mandatory Owners Association.***

A mandatory owners association will be responsible for the maintenance of the private amenities and common areas including but not limited to screening walls and fences, including the parkway between a screening wall or fence and the street; landscaping; roundabouts, medians, amenity centers, enhanced entryway features including monuments, signage and any non-standard pavement, and alleys. The owners' association and associated documents shall be filed in accordance with the City of Mansfield policies. These documents must be reviewed by the City Attorney prior to filing the final plat. The documents shall be filed with the final plat at Tarrant County when deemed necessary by the attorney. The documents shall be submitted in a timely manner to allow for a minimum 60 days review. Failure to submit the documents or incomplete documents may result in a delay of construction, acceptance of the subdivision or delay in approval of a building permit. The City does not accept the responsibility for any delays in construction, approval or acceptance of the subdivision caused by the failure to submit the association documents or the inaccuracy of the documents.

### **2. General Residential Planning Standards**

A. Except as provided, single family structures in the Residential District must comply with exterior construction materials in Section 4600(C) and Architectural Attributes in Section 4600(D).

B. Notwithstanding any provision of Section 4600(D) to the contrary,

(i) For lots with a lot width equal to 70 feet or greater,

- (a) A minimum of 20 percent of such lots shall contain a J-Swing or side entry orientation of the garage door.
  - Type 1 lots fronting onto street type C-1 will not constitute as houses necessary to meet the 20% J-swing requirement. J-swing products will be distributed throughout the development.

(b) All other such lots may have front entry garage door orientation.

(ii) All lots with lot width less than 70 feet may have front entry garage door orientation.

### 3. **Public Utilities**

All public utilities in the M3 Ranch South PD District must be installed in accordance with the City of Mansfield Zoning and Subdivision Ordinances, and any future amendments thereof.

### 4. **Transportation Network**

#### *A. Street Connectivity and Open Space*

1. All streets shall provide accessible sidewalks or trails as shown on Exhibit C-3.
2. Trails and open space must comply with the general location and amount of trail and open space shown in the Open Space and Trail Plan Exhibits.
3. Neighborhood access to open space must be accommodated in the design of the transportation network.
4. All sidewalks shall have a minimum width of five (5) feet or wider as depicted on Exhibit D-1.
5. Streets must be constructed in compliance with the Exhibit C-3.

#### *B. Intersections*

1. Design elements, which may be incorporated where feasible in the specific intersection design, include wide crosswalk striping, special paving treatments, and median “refuge islands,” and sidewalk bulb-outs and must be approved by the City Engineer.
6. **Parking.** Parking must comply with the City of Mansfield zoning ordinance, as amended.
  7. **Setback from Gas Wellhead.** All houses will be setback at least 250 feet from a natural gas wellhead.
  8. **Landscaping.** Except as provided herein, landscaping and screening must comply with the City of Mansfield zoning ordinance, as amended.
    - A. Screening must be provided in the character of materials and style as shown on the Neighborhood Entry and Lot Screening Exhibits.
    - B. Lots 50-feet in width or wider must provide two trees with a minimum diameter of 3.5 inches. At least one tree must be planted in the front yard. These trees are to be specified by developer but installed by builder and are to be consistent with other landscape trees along the thoroughfare.
    - C. Trees and shrubs must be selected from the Recommended Plat List in Section 7300 of the City of Mansfield Zoning Ordinance.

9. **Signage.** Except as provided herein, signage must comply with the City of Mansfield zoning ordinance, as amended.
  - A. Entry signage for the main entry points into the M3 Ranch South Development and entry signage at the entry points on residential street must be generally provided in the character illustrated in the Entry Features and Signage Exhibits.
  - B. Subdivision Entrance Signs may be lighted.
10. **Accessory structures.** Accessory structures on residential lots must comply with City of Mansfield Zoning Ordinance, as amended, except that accessory structures on lots of less than 6,000 square feet in area shall be limited to a maximum of 120 area square feet.
11. **Recreation Amenities in the Residential Neighborhoods.** M3 Ranch South will have access and utilize the Recreation Amenities being provided in M3 Ranch.
12. **Gas Pad Screening.** All paved areas within gas pad sites will be screened with the following:
  - A. An ornamental metal fence at least eight (8) feet in height
  - B. A metal gate at least eight feet in height at any access road leading into the gas pad site.
  - C. A double row of dense evergreen plantings, each row staggered, to form a solid screen that is at least eight (8) feet tall at the time of planting. The evergreen plantings may be located inside the fence (within 5 ft) if there is no room to plant the evergreen plantings outside of the fence.
  - D. If a berm is provided (at a minimum of (2) two feet in height) in the location of the evergreen shrubs, the height of the evergreen shrubs may be reduced to a minimum of six (6) feet in height at the time of planting.
  - E. The evergreen shrubs must be from the city's approved plant list.
  - F. The landscaping must be installed on a permanent irrigation system.

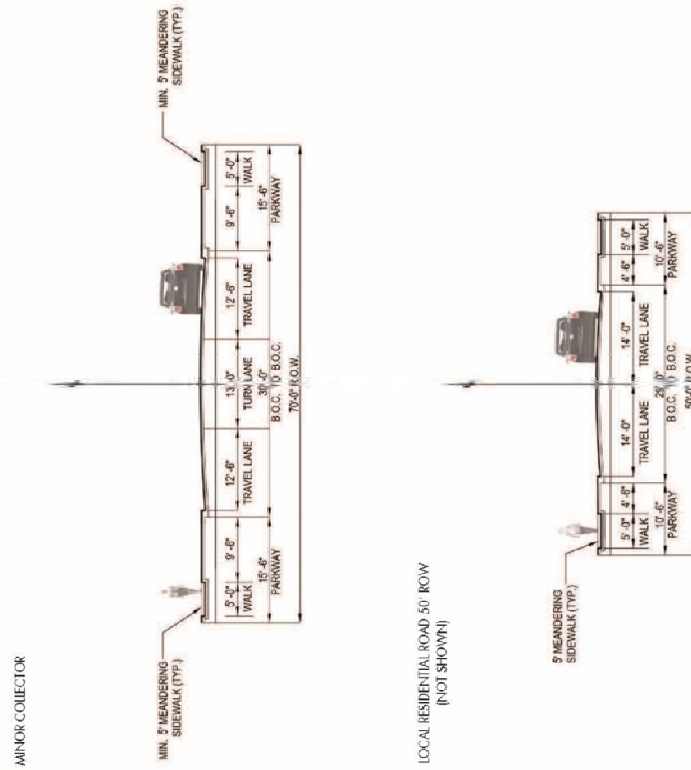


**Exhibit C-1: M3 Ranch South Master Plan**



**Exhibit C-2: Thoroughfare Plan**

# **Exhibit C-3: Thoroughfare Street Section**



THIS PLAN AND THE DESIGNS DIRECTED ARE CONCEPTUAL IN NATURE AND ARE CONSIDERED PRELIMINARY AND SUBJECT TO CHANGE.

APPLICANT: **HANOVER** PROPERTY COMPANY  
 3001 KNOX STREET, SUITE 207  
 DALLAS, TX 75308  
 P: 214-445-2200 | F: 214-445-2261

DESIGNER: **HANOVER** PROPERTY COMPANY  
 3001 KNOX STREET, SUITE 207  
 DALLAS, TX 75308  
 P: 214-445-2200 | F: 214-445-2261

PROJECT: 2001 NORTH LAMAR STREET, SUITE 1000  
 DALLAS, TX 75308  
 P: 214-445-2200 | F: 214-445-2261

MESA



## **C-4 Context Map**

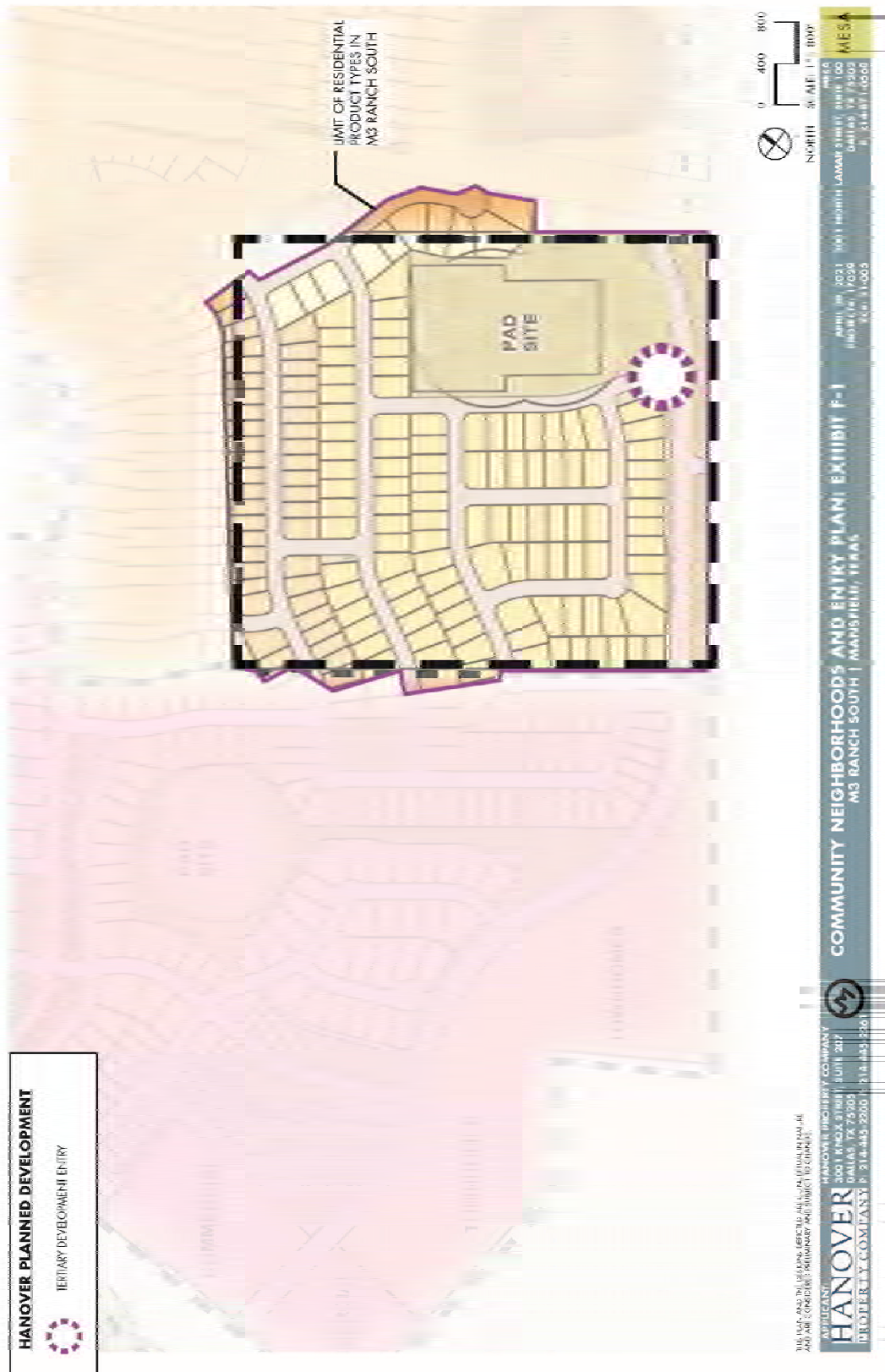


## **D-1 Trails and Open Space Plan**





# F-1 Community Neighborhoods and Entry Plan



## F-2 Development Entry



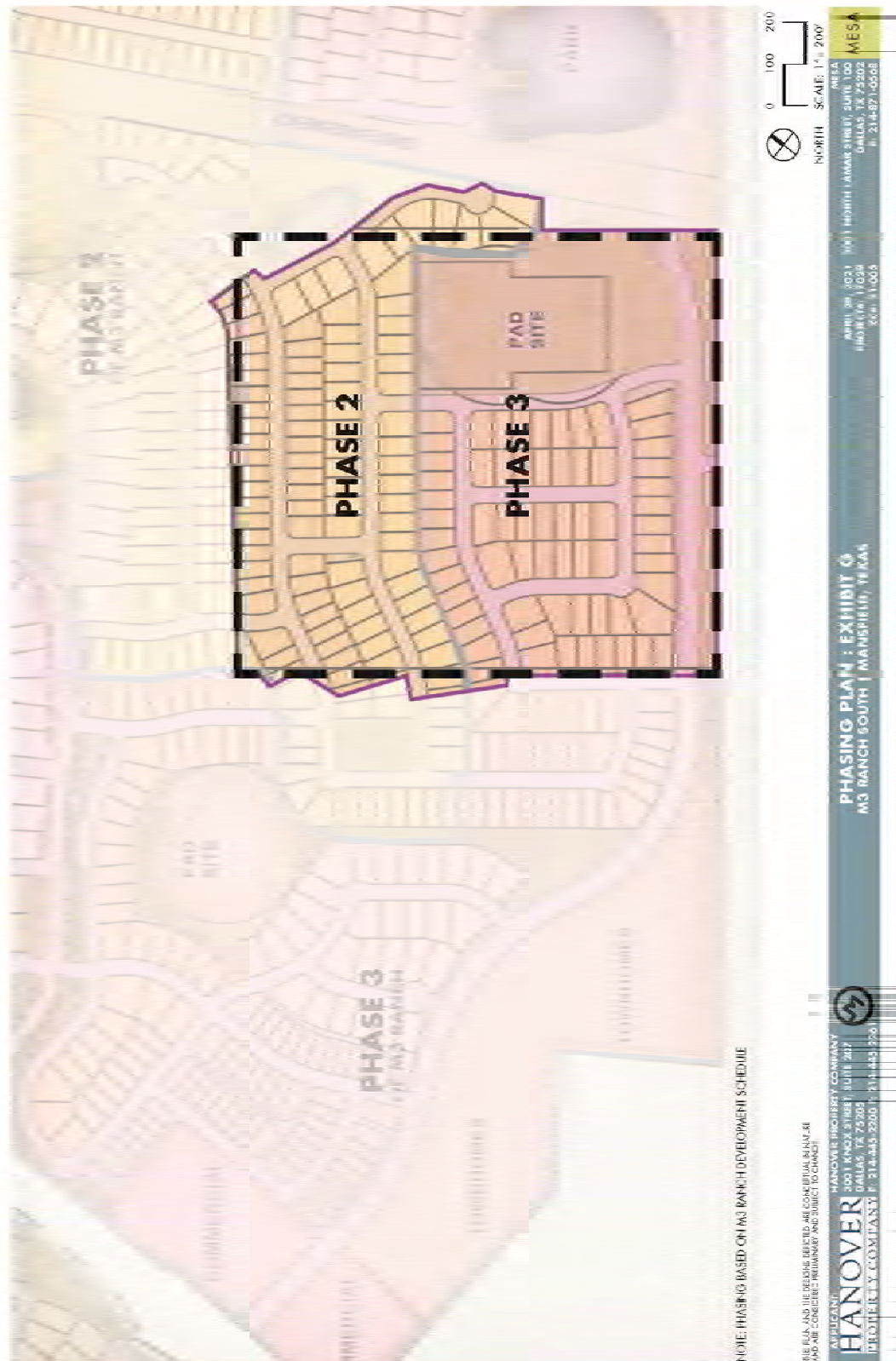


### **F-3 Screening Options**





**Exhibit G: Phasing Plan**





# CITY OF MANSFIELD

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

## STAFF REPORT

File Number: 21-4160

**Agenda Date:** 7/12/2021

**Version:** 1

**Status:** New Business

**In Control:** City Council

**File Type:** Ordinance

### Agenda Number:

#### Title

Ordinance - An Ordinance Authorizing the Issuance and Sale of City of Mansfield, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021, in an Aggregate Principal Amount not to exceed \$9,500,000; Awarding the Sale Thereof; Levying a Tax in Payment Thereof; Prescribing the Form of Said Certificates; Authorizing the Execution and Delivery of a Paying Agent/Registrar Agreement and a Bond Counsel Engagement Letter; Approving the Official Statement; and Enacting Other Provisions Relating Thereto

#### Requested Action

The City Council approve an ordinance authorizing the issuance and sale of Combination Tax and Revenue Certificates of Obligation. The notice is to announce to the public that the City will be issuing bonds on July 12, 2021 for purpose of designing, improving, constructing, renovating and equipping fire facilities, including a fire training tower; designing, improving constructing, renovating and equipping police facilities; designing, constructing and equipping of a joint public safety training facility; designing, improving, constructing and renovating facilities and infrastructure at the City's historic Ralph Man House; designing, improving, constructing, renovating and equipping library facilities; designing, improving, constructing, renovating and equipping of park and recreation facilities; acquiring equipment and vehicles for the fire department, including an Air/Light Truck; and professional services incurred in connection with the previously mentioned projects.

#### Recommendation

Staff recommends the approval of the Ordinance.

#### Description/History

During the capital planning process in fiscal year 2020, the City established a capital program for fiscal year 2021. Discussion occurred regarding prioritization of projects and funding of the projects.

#### Justification

The funds will be used to improve park and recreation facilities within the City, improve the Ralph Man property, improve the public library, provide the necessary equipment for police and fire operations and training facilities and pay for professional fees to design a police headquarters building.

#### Funding Source

Ad Valorem taxes; the cost of this issuance is not expected to raise the tax rate.

#### Prepared By

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

---

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ORDINANCE NO. \_\_\_\_-21

AUTHORIZING THE ISSUANCE OF

\$\_\_\_\_\_

CITY OF MANSFIELD, TEXAS  
COMBINATION TAX AND REVENUE  
CERTIFICATES OF OBLIGATION  
SERIES 2021

Adopted: July 12, 2021

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AN ORDINANCE OF THE CITY OF MANSFIELD, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF MANSFIELD, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$\_\_\_\_\_; AWARDING THE SALE THEREOF; LEVYING A TAX IN PAYMENT THEREOF; PRESCRIBING THE FORM OF SAID CERTIFICATES; AUTHORIZING THE EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT AND A BOND COUNSEL ENGAGEMENT LETTER; APPROVING THE OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO

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

WHEREAS, the City is authorized to provide that such obligations will be payable from and secured by the levy of a direct and continuing ad valorem tax against all taxable property within the City, in combination with a part of certain revenues of the City’s waterworks and sewer system (the “System”) remaining after payment of any obligations of the City payable in whole or in part from a lien or pledge of such revenues that would be superior to the obligations to be authorized herein; and

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

WHEREAS, pursuant to a resolution heretofore passed by this governing body, notice of intention to issue Certificates of the City payable as provided in this Ordinance was published in a newspaper of general circulation in the City in accordance with the requirements of law (the “Notice of Intention”); and

WHEREAS, the Notice of Intention stated that the City Council intended to pass an ordinance authorizing the issuance of the certificates of obligation at the regularly scheduled July 12, 2021 City Council meeting; and

WHEREAS, the Notice of Intention was also published continuously on the City’s website for at least 45 days before July 12, 2021 in accordance the requirements of law; and

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



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

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended;

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

## ARTICLE I

### DEFINITIONS AND OTHER PRELIMINARY MATTERS

#### Section 1.01. Definitions.

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

“Applicable Law” means the duly adopted home rule charter of the City, and all other laws or statutes, rules or regulations, and any amendments thereto, of the State or of the United States by which the City and its powers, securities, credit agreement, operations and procedures are, or may be, governed or from which its powers may be derived.

“Certificate” means any of the Certificates.

“Certificates” means any of the City’s certificates of obligation entitled “City of Mansfield, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021” authorized to be issued by Section 3.01.

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

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

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

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

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

“EMMA” means Electronic Municipal Market Access System.

“Event of Default” means any Event of Default as defined in Section 10.01.

“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.

“Initial Certificate” means the Certificate described in Section 3.04(d) and 6.02(d).

“Interest and Sinking Fund” means the interest and sinking fund established by Section 8.01(a).

“Interest Payment Date” means the date or dates upon which interest on the Certificates is scheduled to be paid until the maturity of the Certificates, such dates being February 15 and August 15 of each year commencing February 15, 2022.

“MSRB” means the Municipal Securities Rulemaking Board.

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

“Ordinance” means this Ordinance.

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

“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 Certificates.

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

“Project Fund” means the project fund established by Section 8.01(a).

“Purchaser” means \_\_\_\_\_.

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

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

“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.

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

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

“Special Payment Date” means the Special Payment Date prescribed by Section 3.03(b).

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

“Surplus Revenues” means the revenues of the System remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with the City’s Prior Lien Bonds; provided, however, that the amount of such surplus revenues pledged to the payment of the Certificates shall be limited to \$1,000.

“System” as used in this Ordinance means the City’s waterworks and sewer system, including all present and future additions, extensions, replacements, and improvements thereto.

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

#### Section 1.02. Other Definitions.

The terms “City Council” and “City” shall have the meaning assigned in the preamble to this Ordinance.

#### Section 1.03. Findings.

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

#### Section 1.04. 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.

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

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

(c) 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.

## ARTICLE II

### SECURITY FOR THE CERTIFICATES

Section 2.01. Payment of the Certificates.

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

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

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

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

(i) The City's annual budget shall reflect (i) the amount of debt service requirements to become due on the Certificates in the next succeeding Fiscal Year of the City, (ii) the amount on deposit in the Interest and Sinking Fund, as of the date such budget is prepared (after giving effect to any payments required to be made during the

remainder of the then current Fiscal Year), and (iii) the amount of Surplus Revenues estimated and budgeted to be available for the payment of such debt service requirements on the Certificates during the next succeeding Fiscal Year of the City.

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

(iii) Following the final approval of the annual budget of the City, the governing body of the City shall, by ordinance, levy an ad valorem tax at a rate sufficient to produce taxes in the amount determined in paragraph (b) above, to be utilized for purposes of paying the principal of and interest on the Certificates in the next succeeding Fiscal Year of the City.

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

(f) If the liens and provisions of this Ordinance shall be released in a manner permitted by Article XI hereof, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit. In determining the aggregate principal amount of outstanding Certificates, there shall be subtracted the amount of any Certificates that have been duly called for redemption and for which money has been deposited with the Paying Agent/Registrar for such redemption.

### ARTICLE III

#### AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE CERTIFICATES

##### Section 3.01. Authorization.

The City's certificates of obligation to be designated "City of Mansfield, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021" (the "Certificates"), are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended and Section 9.13 of the City's Home-Rule Charter. The Certificates shall be issued in the aggregate principal amount of \$\_\_\_\_\_ for the purpose of paying contractual obligations to be incurred for the following purposes, to wit: (i) designing, improving, constructing, renovating and equipping fire facilities, including a fire training tower; (ii) designing, improving, constructing, renovating and equipping police facilities; (iii) designing, constructing and equipping of a joint public safety training facility; (iv) designing, improving,

constructing and renovating facilities and infrastructure at the City's historic Ralph Man House; (v) designing, improving, constructing, renovating and equipping library facilities; (vi) designing, improving, constructing, renovating and equipping of park and recreation facilities; (vii) acquiring equipment and vehicles for the fire department, including an Air/Light Truck; and (viii) professional services incurred in connection with items (i) through (vii), and to pay the costs incurred in connection with the issuance of the Certificates.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest.

(a) The Certificates shall be dated July 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 Certificate, which shall be numbered T-1.

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

\$ <u>Serial Certificates</u>					
<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$	%	2032	\$	%
2023		%	2033		%
2024		%	2034		%
2025		%	2035		%
2026		%	2036		%
2027		%	2037		%
2028		%	2038		%
2029		%	2039		%
2030		%	2040		%
2031		%	2041		%

\$ <u>Term Certificates</u>		
<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
20__	\$	%

(c) Interest shall accrue and be paid on each Certificate, respectively, until the payment of the principal amount thereof shall have been paid or provided for, from the later of the date of their delivery to the Purchaser (the "Delivery Date") or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually on each February 15 and August 15 of each year, commencing on

February 15, 2022, until maturity or prior redemption. Interest on the Certificates shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment.

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

(b) Interest on the Certificates shall be payable to the Owners whose names appear in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be at least 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 Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

(c) Interest on the Certificates shall be paid by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the person entitled to such payment, United States mail, first class postage prepaid, to the address of such person as it appears in the Register or by such other customary banking arrangements 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 other customary banking arrangements.

(d) The principal of each Certificate shall be paid to the person in whose name such Certificate is registered on the due date thereof (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office.

(e) If a date for the payment of the principal of or interest on the Certificates is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

(f) Subject to any applicable escheat, unclaimed property, or similar law, including Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be paid to the City and thereafter neither the City, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Certificates for any further payment of such unclaimed moneys or on account of any such Certificates.

#### Section 3.04. Execution and Initial Registration.

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

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

(c) Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Ordinance, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Certificates. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Certificate delivered on the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Ordinance, 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 Certificate 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 Certificate representing the entire principal amount of the Certificates, payable in stated installments to the initial purchaser or its designee, executed by manual or facsimile signature of the Mayor and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the Purchaser or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver to DTC on behalf of the Purchaser registered definitive Certificates as described in Section 3.10(a). To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Certificates in safekeeping for DTC.

#### Section 3.05. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of making and receiving payment of the principal thereof and premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that interest is to be paid to the person in whose name the Certificate is registered on the Record Date), and for all other purposes, whether or not such Certificate 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 person deemed to be the Owner of any Certificate in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange.

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

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

(c) The Certificates shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Certificate or Certificates of the same maturity and interest rate and in 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 Certificates presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Certificates exchanged for other Certificates in accordance with this Section.

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

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

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

### Section 3.07. Cancellation and Authentication.

All Certificates paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance with this Ordinance, shall be cancelled upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of the cancelled Certificates in accordance with the Securities Exchange Act of 1934.

### Section 3.08. Temporary Certificates.

(a) Following the delivery and registration of the Initial Certificate and pending the preparation of definitive Certificates, 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 Certificates that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Certificates in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Certificates may determine, as evidenced by their signing of such temporary Certificates.

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

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

### Section 3.09. Replacement Certificates.

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

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

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

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

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

(e) Each replacement Certificate delivered 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 Certificate or Certificates in lieu of which such replacement Certificate is delivered.

#### Section 3.10. Book-Entry Only System.

(a) The definitive Certificates shall be initially issued in the form of a separate single fully registered Certificate for each of the maturities thereof. Upon initial issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Certificates 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 Certificates, except as provided in this Ordinance. 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 Certificates, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any

amount with respect to principal of, premium, if any, or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute Owner of such Certificate for the purpose of payment of principal of, premium, if any, and interest on the Certificates, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Certificates only to or upon the order of the respective Owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of, premium, if any, and interest on the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the register, shall receive a certificate evidencing the obligation of the 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 Certificates.

#### 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 Certificates that they be able to obtain certificated Certificates, 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, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts, as identified by DTC. In such event, the Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

#### Section 3.12. Payments to Cede & Co.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificates are registered in the name of Cede & Co., as nominee of DTC, all payments with

respect to principal of, premium, if any, and interest on such Certificates, and all notices with respect to such Certificates, shall be made and given, respectively, in the manner provided in the Representation Letter.

## ARTICLE IV

### REDEMPTION OF CERTIFICATES BEFORE MATURITY

#### Section 4.01. Limitation on Redemption.

The Certificates 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 Certificates maturing on and after February 15, 2031, in whole or any part, in principal amounts equal to \$5,000 or any integral multiple thereof, before their respective scheduled maturity dates, on February 15, 2030 or on any date thereafter, such redemption date or dates to be fixed by the City, at a redemption price equal to the principal amount of the Certificates called for redemption plus accrued interest to the date fixed for redemption.

(b) The 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 Certificates to be redeemed.

#### Section 4.03. Mandatory Sinking Fund Redemption.

(a) The Certificates maturing on February 15 in the years 20\_\_, 20\_\_, and 20\_\_ (the “Term Certificates”) are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

<u>\$ Term Certificates Maturing February 15, 20__</u>	
<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 20__	\$
February 15, 20__*	

\*maturity

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

The principal amount of the Term Certificates required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.00 shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

#### Section 4.04. Partial Redemption.

(a) If less than all of the Certificates are to be optionally redeemed pursuant to Section 4.02, the City shall determine the maturity or maturities and the amounts thereof to be redeemed. If less than all of the Certificates of a maturity or maturities are to be redeemed, the City will direct the Paying Agent/Registrar to call such Certificates within such maturity or maturities by lot, or by such other method that results in a random selection.

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

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

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

#### Section 4.05. Notice of Redemption to Owners.

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

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

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

#### Section 4.06. 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 Certificates 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 Certificates being redeemed.

(b) Upon presentation and surrender of any Certificate 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 Certificate to the date of redemption from the money set aside for such purpose.

#### Section 4.07. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.05 of this Ordinance, the Certificates or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City defaults in its obligation to make provision for the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Certificates or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Certificates are presented and surrendered for payment on such date.

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

#### 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 Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the 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 Certificates subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the

failure of the 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 Certificates 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 Certificates.

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 Certificates.

Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any Certificates 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 in substantially the form presented to and hereby approved by the City Council. The signature of the Mayor shall be attested to 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 Certificates.



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 and any bond insurer 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 Certificates to the successor Paying Agent/Registrar.

## ARTICLE VI

### FORM OF THE CERTIFICATES

Section 6.01. Form Generally.

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

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

(c) The Certificates, including the Initial Certificate submitted to the Attorney General of Texas and any temporary Certificates, shall be typed, printed, lithographed, photocopied or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Certificates, as evidenced by their execution thereof.

Section 6.02. Form of Certificates.

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

(a) [Form of Certificate]

REGISTERED  
No. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

United States of America  
State of Texas

CITY OF MANSFIELD, TEXAS  
COMBINATION TAX AND REVENUE  
CERTIFICATE OF OBLIGATION  
SERIES 2021

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CLOSING DATE</u>	<u>CUSIP NO.</u>
_____%	February 15, ____	August 11, 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, on the Maturity Date specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Certificate shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof 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 provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2022.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer

Office”), of U.S. Bank National Association as initial Paying Agent/Registrar, or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Certificate is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. For the purpose of the payment of interest on this Certificate, the registered owner shall be the person in whose name this Certificate is registered at the close of business on the “Record Date,” which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which 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 Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing such notice.

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

This Certificate is dated July 1, 2021 and is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$\_\_\_\_\_ (herein referred to as the “Certificates”) pursuant to a certain ordinance of the City Council of the City (the “Ordinance”) for the public purpose of providing funds for authorized public purposes and public improvements for and within the City, as provided in the Ordinance, and to pay the costs of issuance related to the Certificates.

The Certificates and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, within the limit prescribed by law, against all taxable property in the City and from a pledge of certain surplus revenues (not to exceed \$1,000) of the City’s Waterworks and Sewer System, all as described and provided in the Ordinance.

The City has reserved the option to redeem the Certificates maturing on or after February 15, 2031, in whole or part, in principal amount equal to \$5,000 or any integral multiple thereof, before their respective scheduled maturity dates, on February 15, 2030, or on any date thereafter, at a price equal to the principal amount of the Certificates so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Certificates are to be redeemed, the 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 Certificates, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption.

[The Certificates maturing on February 15, 20\_\_ (the “Term Certificates”), are subject to mandatory sinking fund redemption prior to their scheduled maturity, and will be redeemed by the City, in part at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

Term Certificates Maturing September 15, 20__	
<u>Redemption Date</u>	<u>Principal Amount</u>
February 15, 20__	\$
February 15, 20__	

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

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

The City reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the 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 Certificates subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the 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 Certificate is transferable upon surrender of this Certificate for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Certificates of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Certificate called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Certificate.

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

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

IN WITNESS WHEREOF, this Certificate has been duly executed on behalf of the City, under its official seal, in accordance with law.

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City Secretary,  
City of Mansfield, Texas

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Mayor  
City of Mansfield, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Certificates if such Certificate on the Initial Certificate is fully executed.

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
OF THE STATE OF TEXAS	§	

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

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

\_\_\_\_\_  
Comptroller of Public Accounts of  
the State of Texas

[SEAL]

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

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

CERTIFICATE OF PAYING AGENT/REGISTRAR

This is one of the Certificates referred to in the within mentioned Ordinance. The series of Certificates of which this Certificate is a part was originally issued as one Initial Certificate which was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

U.S. BANK NATIONAL ASSOCIATION  
as Paying Agent/Registrar

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signature

(d) Form of Assignment.

ASSIGNMENT

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

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

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 Certificate in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(e) Initial Certificate Insertions.

(i) The Initial Certificate shall be in the form set forth in paragraph (a) of this Section, except that:

(ii) immediately under the name of the Certificate, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and "CUSIP NO. \_\_\_\_" deleted;

(iii) in the first paragraph:

the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on February 15 in the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
--------------	-------------------------------	-----------------------

(Information to be inserted from Section 3.02(b) hereof).

(iv) the Initial Certificate shall be numbered T-1.

Section 6.03. CUSIP Registration.

The City may secure identification numbers through the CUSIP 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 Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Certificates.

Section 6.04. Legal Opinion.

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

Section 6.05. Municipal Bond Insurance.

If municipal bond guaranty insurance is obtained with respect to the Certificates, the Certificates, including the Initial Certificate, 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 Certificates, as such requirements may be in effect and transmitted to the City with the insurer's commitment to issue such insurance.

ARTICLE VII

SALE OF THE CERTIFICATES;  
CONTROL AND DELIVERY OF THE CERTIFICATES

Section 7.01. Sale of Certificates; Official Statement; Engagement Letter.

(a) The Certificates 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 Certificate shall be registered in the name of the Purchaser or its designee.

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

(c) 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 Certificates in accordance with the terms of sale therefor. Further, in connection with the submission of the record of proceedings for the Certificates to the Attorney General of the State of Texas for examination and approval of such Certificates, the appropriate officer of the 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 Certificates or (ii) \$9,500).

(d) The obligation of the Purchaser to accept delivery of the Certificates is subject to the Purchaser being furnished with the final, approving opinion of Bracewell LLP, Bond Counsel for the City, which opinion shall be dated as of and delivered on the Closing Date. The Mayor, City Manager or any Deputy City Manager 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 Certificates.

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

(b) After registration by the Comptroller of Public Accounts, delivery of the Certificates shall be made to the Purchaser 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.

## ARTICLE VIII

### CREATION OF FUNDS AND ACCOUNTS; DEPOSIT OF PROCEEDS; INVESTMENTS

#### Section 8.01. Creation of Funds.

(a) The City hereby establishes the following special funds or accounts:

(i) The City of Mansfield, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021, Interest and Sinking Fund; and

(ii) The City of Mansfield, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021, Project Fund.

(b) Each of said funds or accounts shall be maintained at an official depository of the City.

#### Section 8.02. Interest and Sinking Fund.

(a) The taxes levied under Section 2.01 shall be deposited to the credit of the Interest and Sinking Fund at such times and in such amounts as necessary for the timely payment of the principal of and interest on the Certificates.

(b) If the amount of money in the Interest and Sinking Fund is at least equal to the aggregate principal amount of the outstanding Certificates plus the aggregate amount of interest due and that will become due and payable on such Certificates, no further deposits to that fund need be made.

(c) Money on deposit in the Interest and Sinking Fund shall be used to pay the principal of and interest on the Certificates as such become due and payable.

#### Section 8.03. Project Fund.

(a) Money on deposit in the Project Fund, including investment earnings thereof, shall be used for the purposes specified in Section 3.01 of this Ordinance.

(b) All amounts remaining in the Project Fund after the accomplishment of the purposes for which the Certificates are hereby issued, including investment earnings of the Project Fund, shall be deposited into the Interest and Sinking Fund.

#### Section 8.04. Security of Funds.

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

Section 8.05. Deposit of Proceeds.

(a) \$\_\_\_\_\_ of the proceeds of the Certificates received on the Closing Date shall be deposited to the Project Fund, such moneys to be dedicated and used for the purposes specified in Section 3.01.

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

Section 8.06. Investments.

(a) Money in the Interest and Sinking Fund and the Project Fund, at the option of the City, may be invested in such securities or obligations as permitted under applicable law.

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

Section 8.07. Investment Income.

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

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Certificates.

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

Section 9.02. Other Representations and Covenants.

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

(b) The City is duly authorized under the laws of the State of Texas to issue the Certificates; all action on its part for the creation and issuance of the Certificates has been duly

and effectively taken; and the Certificates in the hands of the Owners thereof are and will be valid and enforceable obligations of the City in accordance with their terms.

Section 9.03. 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 Certificates 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 Certificates.

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

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

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

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

(f) *Required Rebate.* The 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 Certificates, 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 Certificates 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 Certificates and the use of the property financed, directly or indirectly, thereby until three years after the last Certificate is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

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

(j) *Favorable Opinion of Bond Counsel.* Notwithstanding the foregoing, the 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 Certificates 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 Certificates for as long as such matters are relevant to the excludability of interest on the Certificates from gross income for federal income tax purposes.

## ARTICLE X

### DEFAULT AND REMEDIES

#### Section 10.01. Events of Default.

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

(a) the failure to make payment of the principal of, redemption premium, if any, or interest on any of the Certificates when the same becomes due and payable; or

(b) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with 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

(c) 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 10.02. Remedies for Default.

(a) Upon the happening of any Event of Default, then and in every case any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the 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 Certificates then outstanding.

#### Section 10.03. Remedies Not Exclusive.

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

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

### ARTICLE XI

#### DISCHARGE

##### Section 11.01. Discharge.

The City reserves the right to defease, refund or discharge the Certificates (i) by irrevocably depositing with the Paying Agent/Registrar, or other lawfully authorized escrow agent, in trust a sum of money equal to the principal of, premium, if any, and all interest to accrue on such Certificates to maturity or redemption or (ii) by irrevocably depositing with the Paying Agent/Registrar, or other lawfully authorized escrow agent, in trust amounts sufficient, together with the investment earnings thereon, to provide for the payment and/or redemption of such Certificates; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the 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; or (iii) any combination of (i) and (ii) above. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Certificates, as the case may be.

## ARTICLE XII

### CONTINUING DISCLOSURE UNDERTAKING

#### Section 12.01. 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 6 and 8 through 15, 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) All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided pursuant to Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the SEC.

#### Section 12.02. 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 Certificates:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (vii) Modifications to rights of the holders of the Certificates, if material;
- (viii) Certificate calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the 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.

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



liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person; and the City intends the words used in the immediately preceding paragraphs (xv) and (xvi) and the definition of Financial Obligations in those sections to have the same meanings as when they are used in rule and sec release no. 34-83885, dated August 20, 2018.

(b) The 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 12.01 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](http://www.emma.msrb.org).

#### Section 12.03. 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 Certificates 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 Certificates no longer to be Outstanding.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Certificates, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The 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 Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE 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 Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (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 Certificates 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 Certificates. 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 12.01 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 XIII

### AMENDMENTS

#### Section 13.01. Amendments.

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

## ARTICLE XIV

### MISCELLANEOUS

#### Section 14.01. Changes to Ordinance.

The Mayor, City Manager and any Deputy City Manager, 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 Certificates by the Attorney General of Texas.

Section 14.02. Partial Invalidity.

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

Section 14.03. No Personal Liability.

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

ARTICLE XV

EFFECTIVE IMMEDIATELY

Section 15.01. 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 12th day of July, 2021.

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Mayor, City of Mansfield, Texas

ATTEST:

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City Secretary,  
City of Mansfield, Texas

APPROVED AS TO FORM:

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City Attorney, City of Mansfield, Texas

## APPENDIX A

### DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XII 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 1-6 and 8-15 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.

  
**HTS Continuing Disclosure Services**  
 A Division of Hilltop Securities  
 (See "Continuing Disclosure of Information" herein)

**PRELIMINARY OFFICIAL STATEMENT**  
**Dated July 1, 2021**

**Ratings:**  
**Moody's: "Aa1"**  
**S&P: "AAA"**  
**Fitch: "AA+"**  
**(See "Other Information-Ratings" herein)**

**NEW ISSUE - Book-Entry-Only**

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

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



**\$9,155,000\***  
**CITY OF MANSFIELD, TEXAS**  
**(Tarrant, Johnson and Ellis Counties, Texas)**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021**

**Dated Date: July 1, 2021**

**Due: February 15, as shown on Page 2**

**Interest to accrue from Date of Delivery (defined below)**

**PAYMENT TERMS** . . . Interest on the \$9,155,000\* City of Mansfield, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2021 (the "Certificates") will accrue from the date of their delivery to the Initial Purchaser (the "Date of Delivery") and will be payable February 15 and August 15 of each year commencing February 15, 2022, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Certificates - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas (see "The Certificates - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE** . . . The Certificates are issued pursuant to the Constitution and general law of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Section 9.13 of the City's Home Rule Charter, and an ordinance (the "Ordinance") to be adopted by the City Council of the City (the "City Council"), and constitute direct obligations of the City of Mansfield, Texas (the "City"), payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property in the City, and (ii) surplus revenues (not to exceed \$1,000) of the City's Waterworks and Sewer System (the "System") remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with any of the City's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the net revenues of the System, as provided in the Ordinance (see "The Certificates - Authority for Issuance").

**PURPOSE** . . . Proceeds from the sale of the Certificates will be used for the purpose of (i) designing, improving, constructing, renovating and equipping fire facilities, including a fire training tower; (ii) designing, improving, constructing, renovating and equipping police facilities; (iii) designing, constructing and equipping of a joint public safety training facility; (iv) designing, improving, constructing and renovating facilities and infrastructure at the City's historic Ralph Man House; (v) designing, improving, constructing, renovating and equipping library facilities; (vi) designing, improving, constructing, renovating and equipping of park and recreation facilities; (vii) acquiring equipment and vehicles for the fire department, including an Air/Light Truck; and (viii) professional services incurred in connection with items (i) through (vii) and to pay the costs incurred in connection with the issuance of the Certificates.

**CUSIP PREFIX: 564378**

**MATURITY SCHEDULE & 9 DIGIT CUSIP**

**See Schedule on Page 2**

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

**DELIVERY** . . . It is expected that the Certificates will be available for delivery through DTC on August 11, 2021.

**BIDS DUE MONDAY, JULY 12, 2021 AT 10:00 A.M. CDT**

\* Preliminary, subject to change.

CUSIP<sup>(1)</sup> Prefix: 564378**MATURITY SCHEDULE\***

15-Feb Year	Principal Amount	Interest Rate	Initial Yield	CUSIP <sup>(1)</sup> Suffix
2022	\$ 340,000			
2023	370,000			
2024	385,000			
2025	395,000			
2026	405,000			
2027	415,000			
2028	425,000			
2029	440,000			
2030	450,000			
2031	465,000			
2032	475,000			
2033	490,000			
2034	505,000			
2035	520,000			
2036	530,000			
2037	545,000			
2038	560,000			
2039	580,000			
2040	595,000			
2041	610,000			

**(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 managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the 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 . . .** The City reserves the right, at its option, to redeem the Certificates having stated maturities on and after February 15, 2031, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Certificates - Optional Redemption").

\* Preliminary, subject to change.



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 Certificates that has or will be "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

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

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

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the 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.

Neither the City, nor the Financial Advisor make any representation or warranty with respect to the information contained in this Official Statement regarding the Depository Trust Company ("DTC") or its book-entry-only system, as such information has been provided by DTC.

The Certificates are exempt from registration with the Securities and Exchange Commission and consequently have not been registered therewith. The registration, qualification, or exemption of the Certificates in accordance with applicable securities law provisions of the jurisdiction in which the Certificates have been registered, qualified or exempted should not be regarded as a recommendation thereof.

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

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

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



## OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates 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.

<b>THE CITY</b> .....	The City of Mansfield, Texas (the "City") is a political subdivision and home rule municipal corporation of the State, located in Tarrant, Johnson and Ellis Counties, Texas. The City covers approximately 36.69 square miles (see "Introduction – Description of the City").
<b>THE CERTIFICATES</b> .....	The Certificates will be issued as \$9,155,000* Combination Tax and Revenue Certificates of Obligation, Series 2021. The Certificates are issued as serial certificates maturing on February 15 in the years 2022 through 2041 (see "The Certificates – Description of the Certificates").
<b>PAYMENT OF INTEREST</b> .....	Interest on the Certificates accrues from the Date of Delivery and is payable February 15, 2022, and each August 15 and February 15 thereafter until maturity or prior redemption (see "The Certificates – Description of the Certificates" and "The Certificates – Optional Redemption").
<b>AUTHORITY FOR ISSUANCE</b> .....	The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Section 9.13 of the City's Home Rule Charter, and an ordinance to be adopted by the City Council of the City (the "Ordinance") (see "The Certificates – Authority for Issuance").
<b>SECURITY FOR THE CERTIFICATES</b> .....	The Certificates constitute direct obligations of the City payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property in the City and (ii) revenues (not to exceed \$1,000) of the City's Waterworks and Sewer System (the "System") remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with any of the City's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the net revenues of the System, as provided in the Ordinance (see "The Certificates – Security and Source of Payment").
<b>REDEMPTION</b> .....	The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2031, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Certificates - Optional Redemption").
<b>TAX MATTERS</b> .....	In the opinion of Bond Counsel, under existing law, interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "Tax Matters" for a discussion of the opinion of Bond Counsel.
<b>USE OF PROCEEDS</b> .....	Proceeds from the sale of the Certificates will be used for the purpose of (i) designing, improving, constructing, renovating and equipping fire facilities, including a fire training tower; (ii) designing, improving, constructing, renovating and equipping police facilities; (iii) designing, constructing and equipping of a joint public safety training facility; (iv) designing, improving, constructing and renovating facilities and infrastructure at the City's historic Ralph Man House; (v) designing, improving, constructing, renovating and equipping library facilities; (vi) designing, improving, constructing, renovating and equipping of park and recreation facilities; (vii) acquiring equipment and vehicles for the fire department, including an Air/Light Truck; and (viii) professional services incurred in connection with items (i) through (vii) and to pay the costs incurred in connection with the issuance of the Certificates.
<b>RATINGS</b> .....	The Certificates and the presently outstanding tax-supported debt of the City are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by S&P Global Ratings ("S&P") and "AA+" by Fitch Ratings ("Fitch"), without regard to credit enhancement (see "Other Information - Ratings").

\* Preliminary, subject to change.

**BOOK-ENTRY-ONLY**

**SYSTEM** ..... The definitive Certificates 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 Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "The Certificates - Book-Entry-Only System").

**PAYMENT RECORD** ..... The City has never defaulted in payment of its general obligation tax debt.

**SELECTED FINANCIAL INFORMATION**

Fiscal Year Ended 9/30	Estimated City Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Per Capita Taxable Assessed Valuation	Total Tax Supported Debt Outstanding at End of Year	Per Capita Tax Debt	Ratio: Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2017	68,784	\$ 5,913,637,667	\$ 85,974	\$ 127,860,000	\$ 1,859	2.16%	97.30%
2018	70,170	6,588,298,531	93,891	134,445,000	1,916	2.04%	100.04%
2019	73,410	7,030,584,424	95,771	138,605,000	1,888	1.97%	99.70%
2020	75,757	7,985,509,946	105,410	152,745,000	2,016	1.91%	99.30%
2021	76,000	7,945,423,669	104,545	151,190,000 <sup>(3)</sup>	1,989 <sup>(3)</sup>	1.90% <sup>(3)</sup>	97.12% <sup>(4)</sup>

(1) Source: City Planning Department.

(2) As reported by the Tarrant Appraisal District, Johnson County Central Appraisal District and Ellis Central Appraisal District on City's annual State Property Tax Board Reports; subject to change during ensuing year.

(3) Projected. includes the Certificates. Preliminary, subject to change.

(4) Collections as of May 31, 2021.

**GENERAL FUND CONSOLIDATED REVENUES AND EXPENDITURES STATEMENT SUMMARY**

	Fiscal Year Ended September 30,				
	2020	2019	2018	2017	2016
Beginning Fund Balance	\$ 17,409,306	\$ 17,028,977	\$ 14,476,031	\$ 13,076,981	\$ 12,020,382
Total Revenue	72,213,804	62,555,310	56,598,956	51,614,477	48,762,776
Total Expenditures	66,916,883	61,050,315	55,713,491	51,435,642	48,379,308
Total Other Sources (Uses)	(518,928)	(1,124,666)	1,667,481	1,220,215	673,131
Net Funds Available	4,777,993	380,329	2,552,946	1,399,050	1,056,599
Ending Fund Balance	<u>\$ 22,187,299</u>	<u>\$ 17,409,306</u>	<u>\$ 17,028,977</u>	<u>\$ 14,476,031</u>	<u>\$ 13,076,981</u>

For additional information regarding the City, please contact:

Joe Smolinski	Nick Bulaich
Troy Lestina	Hilltop Securities Inc.
City of Mansfield	777 Main Street
1200 E. Broad Street	Suite 1200
Mansfield, Texas 76063	Fort Worth, Texas 76102
(817) 276-4200	(817) 332-9710

## 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, Rehab Pro
Mike Leyman Councilmember Place 3	Re-elected May, 2021	May 2024	Retired Police Officer
Casey Lewis Councilmember Place 4	Re-elected May, 2021	May 2024	Realtor
Julie Short Councilmember Place 5	Re-elected May, 2021	May 2024	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
Matt Jones	Assistant City Manager	2 Years	14 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 AND ADVISORS

Auditors .....	KPMG LLP Dallas, Texas
Bond Counsel .....	Bracewell LLP Dallas, Texas
Financial Advisor.....	Hilltop Securities Inc. Dallas, Texas



**OFFICIAL STATEMENT**  
**RELATING TO**  
**\$9,155,000\***  
**CITY OF MANSFIELD, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021**

**INTRODUCTION**

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$9,155,000\* City of Mansfield, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021 (the "Certificates"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance to be adopted by the City Council on the date of sale of the Certificates which will authorize the issuance of the Certificates (the "Ordinance").

There follows in this Official Statement descriptions of the Certificates 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 ("Hilltop Securities").

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, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "Other Information - Forward-Looking Statements").

**DESCRIPTION OF THE CITY . . .** The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1890, and first adopted its Home Rule Charter in 1975 and amended its Home Rule Charter on May 7, 1988. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. The term of office is a staggered three-year term. The City Manager is the chief executive officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 56,368, while the estimated 2021 population is 76,000. The City covers approximately 36.69 square miles.

**THE CERTIFICATES**

**DESCRIPTION OF THE CERTIFICATES . . .** The Certificates are dated July 1, 2021, and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Certificates will accrue from 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 15 and August 15, commencing February 15, 2022, until maturity or prior redemption. The definitive Certificates 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 Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Certificates - Book-Entry-Only System" herein.

**AUTHORITY FOR ISSUANCE . . .** The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Section 9.13 of the City's Home Rule Charter, and the Ordinance to be adopted by the City Council.

**SECURITY AND SOURCE OF PAYMENT . . .** The Certificates constitute direct obligations of the City and the principal thereof and interest thereon are payable from an annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City, and are additionally secured by and payable from a limited pledge (not to exceed \$1,000) of surplus net revenues of the City's Waterworks and Sewer System (the "System") remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the City's revenue obligations (now or hereafter outstanding) that are payable from all or part of the net revenues of the System, all as provided in the Ordinance.

\* Preliminary, subject to change.



**TAX RATE LIMITATION . . .** All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all tax-supported debt service, as calculated at the time of issuance.

**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2031, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

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

The City reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the 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 Holders. Any Certificates subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the 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 by the City.

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

Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "The Certificates - Book-Entry-Only System" herein.

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



are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the 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; or (iii) any combination of (i) and (ii) above. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Certificates, as the case may be.

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

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

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

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

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

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

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



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

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

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

Principal and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or 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. All payments on the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

**Use of Certain Terms in Other Sections of this Official Statement . . .** In reading this Official Statement it should be understood that while the Certificates are in 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 Certificates, 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 by, 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 of the Certificates is discontinued, printed certificates will be issued to the DTC Participants or the holder, as the case may be, and such Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "The Certificates - Transfer, Exchange and Registration" below.

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

In the event use of the Book-Entry-Only System should be discontinued, interest on the Certificates 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 (hereinafter defined), 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 Certificates 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 Certificates 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 "The Certificates – 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. If the date for the payment of the principal or interest on the Certificates is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment is due. So long as Cede & Co. is the registered owner of the Certificates, payment of principal of and interest on the Certificates will be made as described in "The Certificates - Book-Entry-Only- System" above.

**TRANSFER, EXCHANGE AND REGISTRATION . . .** In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the owners of the Certificates and thereafter, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates 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 Certificates 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 Certificates 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 Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate 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 Certificate.

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

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

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the 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 Holder of a Certificate 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.

**CERTIFICATEHOLDERS' REMEDIES . . .** The Ordinance establishes as "events of default" (i) the failure to make payment of principal of or interest on any of the Certificates when due and payable; (ii) default in the performance of observance of any other covenant, agreement or obligation of the City, which default materially, adversely affects the rights of the related Owners, including but not limited to their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of thirty 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. Under State law, there is no right to the acceleration of maturity of the Certificates upon the failure of the City to observe any covenant under the Ordinance. If an Owner of a Certificate does not receive payment of principal of or interest on the Certificates when due, the Owner may seek a writ of mandamus from a court of competent jurisdiction. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance under the Certificates or the Ordinance and the City's obligations



are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the Owners of the Certificates upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 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, Owners may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates.

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.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Certificateholders 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 all opinions with respect to the rights of the Owners of the Certificates are subject to the applicable provisions of 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.

**USE OF PROCEEDS . . .** The proceeds from the sale of the Certificates will be applied approximately as follows:

**Sources:**

Par Amount	\$ -
Cash Premium	
<b>TOTAL SOURCES</b>	<b>\$ -</b>

**Uses:**

Deposit to Project Fund	\$ -
Underwriter's Discount	
Costs of Issuance	
<b>TOTAL USES</b>	<b>\$ -</b>

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## AD VALOREM PROPERTY TAXATION

*The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.*

**VALUATION OF TAXABLE PROPERTY . . .** The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Tarrant Appraisal District, the Johnson Central Appraisal District and the Ellis Central Appraisal District (the "Appraisal Districts"). Except as generally described below, the Appraisal Districts are required to appraise all property within the Appraisal Districts on the basis of 100% of its market value and are prohibited from applying any assessment ratios. In determining market value of property, the Appraisal Districts are required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of each Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

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

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "Ad Valorem Property Taxation – City and Taxpayer Remedies").

**STATE MANDATED HOMESTEAD EXEMPTIONS . . .** State law grants, with respect to each city in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action, and surviving spouses of first responders killed or fatally wounded in the line of duty.

**LOCAL OPTION HOMESTEAD EXEMPTIONS . . .** The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

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

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

**FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . .** Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.



Certain goods that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

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

**TAX INCREMENT REINVESTMENT ZONES . . .** A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

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

For a discussion of how the various exemptions described above are applied by the City, see "Ad Valorem Property Taxation – City Application of property Tax Code" herein.

**CITY AND TAXPAYER REMEDIES . . .** Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal Districts by timely initiating a protest with the respective Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the respective Appraisal District to compel compliance with the Property Tax Code.

Beginning in the 2020 tax year, owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

**LEVY AND COLLECTION OF TAXES . . .** The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.



**PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . .** The following terms as used in this section have the meanings provided below:

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

**DEBT TAX RATE LIMITATIONS . . .** All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax supported debt, within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

**THE CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . .** Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

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

**CITY APPLICATION OF PROPERTY TAX CODE . . .** The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$50,000; the disabled are also granted an exemption of \$10,000.

The City has irrevocably established an ad valorem tax freeze on the residence homestead of persons 65 years of age or older.

The City has granted an additional exemption of 10% of the market value of residence homesteads; with minimum exemption of \$5,000.

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

The City does not tax nonbusiness personal property.

The Tarrant County Tax Assessor and Collector collects taxes for the City.

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

The City does not tax freeport property.

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

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

The City does tax goods-in-transit.

The City currently collects 1% sales tax for the general fund, and the Mansfield Park Facilities Development Corporation and the Mansfield Economic Development Corporation each collect ½ cent sales tax.

**TAX ABATEMENT POLICY . . .** The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. Generally, projects are eligible for a tax abatement of up to 50% for a period of 10 years. The value of property subject to abatement is shown in Table 1.

**TAX INCREMENT FINANCING ZONES . . .** Reinvestment Zone Number One, City of Mansfield (the “Zone”) was created in January 2006, by the City with the consent of other taxing units overlapping the Zone. The 3,100-acre zone encompasses undeveloped agricultural and existing residential land. Ad valorem taxes on incremental growth in real property values (levied at the tax rates of each taxing unit assessing real property in the Zone) within the Zone from a base value established on January 1, 2006, are used to contribute to development of the Zone; these tax funds can be used only for public improvements in the Zone or for payment of debt service on bonds issued to provide funds for public improvements. The Zone terminates December 31, 2030, or at an earlier time designated by subsequent ordinance of the City Council, or at such time, subsequent to the issuance of any tax increment bonds, if any, that tax increment bonds, notes, or other obligations of the Zone, and the interest thereon, have been paid in full. The base taxable assessed value of real property within the Zone is \$81,015,358; the 2020 assessed value is \$461,543,911, representing \$380,528,553 of taxable incremental value. The City participates at 65% of its tax rate.

Reinvestment Zone Number Two (“Zone Two”), was created in calendar 2012 by the City with the participation of another taxing authority overlapping Zone Two. Zone Two encompasses the City downtown area and is 317 acres of land. This land is mostly developed but includes some undeveloped vacant land. The purpose of Zone Two is to revitalize the area by using the new funds or ad valorem taxes generated from the incremental property value growth within the Zone Two. Zone Two’s incremental value is measured by comparing the base year’s taxable property values or the value of the taxable property the year Zone Two was established, January 1, 2012, to the most current year’s taxable property values. The base year’s taxable assessed valuation of property within Zone Two is \$29,117,741; the 2020 taxable assessed value of the property in Zone Two is \$102,034,531, representing \$72,916,790 in taxable incremental value. The City contributes 100% incremental taxable property value to Zone Two at 100% of its tax rate.

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**TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2020/21 Market Valuation Established by the Appraisal Districts (excluding totally exempt property and property in arbitration)		\$9,702,338,203
Less Exemptions/Reductions at 100% Market Value:		
Over 65 Exemptions	\$ 569,833,224	
Disability	4,466,857	
Veterans	83,857,848	
Homestead Cap	63,691,150	
Agricultural Use Reductions	152,009,147	
Freeport Exemption	42,398,611	
Pro-rate Absolute	-	
Pollution Control	220,178	
Tax Abatement Reductions	12,379,154	
Foreign Trade Zone	744,431,779	
Other Exemptions	83,629,586	1,756,917,534
2020/21 Taxable Assessed Valuation		\$ 7,945,420,669
Tax Supported Debt Payable from Ad Valorem Taxes		
Tax Supported Debt (as of 6/1/21)	\$ 142,035,000	
The Certificates <sup>(1)</sup>	9,155,000	
Tax-Supported Debt Payable from Ad Valorem Taxes		\$ 151,190,000
Interest and Sinking Fund (as of 5/1/21)		\$ 7,715,420
Ratio: General Obligation Tax Debt to Taxable Assessed Valuation		1.90%

2021 Estimated Population - 76,000

Per Capita Taxable Assessed Valuation - \$104,545

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$1,989

(1) Preliminary, subject to change.

**TABLE 1(a) - ADDITIONAL DEBT LIABILITIES**

Please refer to "Pension Fund", beginning on page 23, for a complete description of the City's pension plan liability. Additional information with regard to the City's pension plan liability is also available via the TMRS website at [www.tmrs.org](http://www.tmrs.org).

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year September 30,					
	2021		2020		2019	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 5,293,230,173	52.99%	\$ 5,229,926,814	57.69%	\$ 4,701,999,294	59.28%
Real, Residential, Multi-Family	623,233,861	6.24%	644,596,187	7.11%	561,919,082	7.08%
Real, Vacant Lots/Tracts	166,359,350	1.67%	140,466,248	1.55%	149,515,423	1.89%
Real, Acreage (Land Only)	153,026,441	1.53%	41,683,224	0.46%	47,500,211	0.60%
Real, Farm and Ranch Improvements	21,875,116	0.22%	22,981,454	0.25%	21,612,371	0.27%
Real, Commercial	1,967,139,967	19.69%	1,205,414,164	13.30%	1,026,277,749	12.94%
Real, Industrial	190,376,243	1.91%	150,914,300	1.66%	136,232,387	1.72%
Real and Tangible Personal, Utilities	73,625,889	0.74%	88,414,504	0.98%	89,868,500	1.13%
Tangible Personal, Commercial	1,176,208,459	11.78%	1,225,820,639	13.52%	912,431,175	11.50%
Tangible Personal, Industrial	216,021,519	2.16%	209,887,611	2.32%	209,246,582	2.64%
Tangible Personal, Mobile Homes	8,990,493	0.09%	7,707,694	0.09%	8,625,737	0.11%
Real Property, Inventory	75,263,318	0.75%	67,113,518	0.74%	31,276,508	0.39%
Mineral Lease Properties	23,051,297	0.23%	30,674,906	0.34%	34,804,162	0.44%
Total Appraised Value Before Exemptions	\$ 9,988,402,126	100.00%	\$ 9,065,601,263	100.00%	\$ 7,931,309,181	100.00%
Less: Property in Arbitration	286,063,923		286,063,923		102,067,954	
Less: Total Exemptions/Reductions	1,756,917,534		794,027,394		798,656,803	
Taxable Assessed Value	<u>\$ 7,945,420,669</u>		<u>\$ 7,985,509,946</u>		<u>\$ 7,030,584,424</u>	

Category	Taxable Appraised Value for Fiscal Year September 30,			
	2018		2017	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 4,264,080,972	59.28%	\$ 3,798,353,186	59.44%
Real, Residential, Multi-Family	499,438,121	6.94%	389,188,371	6.09%
Real, Vacant Lots/Tracts	114,871,433	1.60%	184,261,605	2.88%
Real, Acreage (Land Only)	51,119,683	0.71%	55,980,225	0.88%
Real, Farm and Ranch Improvements	20,115,147	0.28%	19,102,133	0.30%
Real, Commercial	947,928,223	13.18%	780,268,818	12.21%
Real, Industrial	128,379,514	1.78%	82,773,126	1.30%
Real and Tangible Personal, Utilities	86,486,310	1.20%	86,079,843	1.35%
Tangible Personal, Commercial	818,728,598	11.38%	719,710,127	11.26%
Tangible Personal, Industrial	205,831,581	2.86%	210,863,074	3.30%
Tangible Personal, Mobile Homes	8,591,773	0.12%	9,930,003	0.16%
Real Property, Inventory	19,130,445	0.27%	15,645,963	0.24%
Mineral Lease Properties	27,911,663	0.39%	37,971,679	0.59%
Total Appraised Value Before Exemptions	\$ 7,192,613,463	100.00%	\$ 6,390,128,153	100.00%
Less: Property in Arbitration	174,131,889		63,299,759	
Less: Total Exemptions/Reductions	430,183,043		413,190,727	
Taxable Assessed Value	<u>\$ 6,588,298,531</u>		<u>\$ 5,913,637,667</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Tarrant Appraisal District, Johnson County Central Appraisal District and Ellis Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts update records.

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	Total Tax Supported Debt Outstanding at End of Year	Ratio of Tax Debt to Taxable Assessed Valuation	Tax Debt Per Capita
2017	68,784	\$ 5,913,637,667	\$ 85,974	\$ 127,860,000	2.16%	\$ 1,859
2018	70,170	6,588,298,531	93,891	134,445,000	2.04%	1,916
2019	73,410	7,030,584,424	95,771	138,605,000	1.97%	1,888
2020	75,757	7,985,509,946	105,410	152,745,000	1.91%	2,016
2021	76,000	7,945,423,669	104,545	151,190,000 <sup>(3)</sup>	1.90% <sup>(3)</sup>	1,989 <sup>(3)</sup>

(1) Source: City Planning Department.

(2) As reported by the Tarrant Appraisal District, Johnson County Central Appraisal District and Ellis Central Appraisal District on City's annual State Property Tax Board Reports; subject to change during ensuing year.

(3) Projected. Includes the Certificates. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Total Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% of Total Collections
2017	\$ 0.7100	\$ 0.4708	\$ 0.2392	\$ 41,986,827	97.26%	97.30%
2018	0.7100	0.4745	0.2355	46,776,920	99.33%	100.04%
2019	0.7100	0.4845	0.2255	49,917,150	99.19%	99.70%
2020	0.7100	0.4778	0.2322	54,666,067	99.30%	99.30%
2021	0.6900	0.4613	0.2287	54,823,423	97.12% <sup>(1)</sup>	97.12% <sup>(1)</sup>

(1) Collections as of May 31, 2021.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	FYE 2021 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Mouser Electronics	Manufacturing	\$ 168,042,798	2.11%
Mid-America Apartments Lp	Apartments	70,500,000	0.89%
WMCI Dallas VIII LLC	Apartments	26,260,000	0.33%
Klein Tools	Manufacturing	55,299,746	0.70%
Mansfield KDC II & III LP Etal	Real Estate	55,246,968	0.70%
Evolv AL LP	Apartments	49,700,000	0.63%
Oncor Electric Delivery Co LLC	Utilities	48,454,442	0.61%
WP Motg-Txmf Owner LLC	Apartments	48,400,000	0.61%
Regalia Manfield Owner LLC	Apartments	47,695,000	0.60%
Steadfast Villaggio LP	Apartments	47,000,000	0.59%
		<u>\$ 616,598,954</u>	<u>7.76%</u>

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

**GENERAL OBLIGATION DEBT LIMITATION . . .** No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter. For information on the City's tax rate limitation, see "The Certificates - Tax Rate Limitation".

TABLE 6 - TAX ADEQUACY<sup>(1)</sup>

2021 Principal and Interest Requirements	\$ 16,482,315
\$0.2096 Tax Rate at 99% Collection Produces	\$ 16,487,066
Average Annual Principal and Interest Requirements, 2021 - 2041	\$ 10,093,098
\$0.1284 Tax Rate at 99% Collection Produces	\$ 10,099,901
Maximum Principal and Interest Requirements, 2021	\$ 16,482,315
\$0.2096 Tax Rate at 99% Collection Produces	\$ 16,487,066

(1) Includes the Certificates. Preliminary, subject to change.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	2020/21 Taxable Assessed Value	2020/21 Tax Rate	Total G.O. Tax Debt (5/1/21)	Estimated % Applicable	City's Overlapping G.O. Tax Debt (5/1/21)	Authorized But Unissued Debt As Of (5/1/21)
City of Mansfield	\$ 7,945,420,669	\$0.69000	\$151,190,000 <sup>(1)</sup>	100.00%	\$151,190,000 <sup>(1)</sup>	\$ -
Ellis County	19,463,854,137	0.32000	31,020,000	0.27%	83,754	-
Johnson County	12,413,920,757	0.38500	18,340,000	4.94%	905,996	-
Mansfield Independent School District	16,660,207,320	1.44600	858,524,839	51.65%	443,428,079	-
Midlothian Independent School District	5,358,717,415	1.38000	429,760,000	0.83%	3,567,008	-
Tarrant County	219,908,316,431	0.23400	240,445,000	3.42%	8,223,219	30,600,000
Tarrant County Hospital District	220,311,777,399	0.22400	14,495,000	3.42%	495,729	-
Tarrant County College District	221,750,828,044	0.13000	264,175,000	3.42%	9,034,785	525,000,000
Total Direct and Overlapping G. O. Tax Debt					\$ 616,928,570	
Ratio of Direct and Overlapping G.O. Tax Debt to 2020/21 Taxable Assessed Valuation					7.76%	
Per Capita Overlapping G. O. Tax Debt					\$ 8,117	

(1) Includes the Certificates. Preliminary, subject to change.

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# DEBT INFORMATION

TABLE 8 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Year Ended 30-Sep	Outstanding Debt		The Certificates <sup>(1)</sup>			Total Debt Service	% of Principal Retired
	Principal	Interest	Total	Principal	Interest		
2021	\$ 10,710,000	\$ 5,772,315	\$ 16,482,315	\$ -	\$ -	\$ 16,482,315	
2022	10,460,000	5,382,590	15,842,590	320,000	264,553	16,427,143	
2023	10,085,000	4,980,659	15,065,659	335,000	248,475	15,649,134	
2024	10,485,000	4,576,632	15,061,632	350,000	234,775	15,646,407	
2025	10,030,000	4,156,244	14,186,244	365,000	220,475	14,771,719	32.82%
2026	9,310,000	3,735,735	13,045,735	380,000	205,575	13,631,310	
2027	9,205,000	3,337,972	12,542,972	395,000	190,075	13,128,047	
2028	9,035,000	2,957,307	11,992,307	410,000	173,975	12,576,282	
2029	8,450,000	2,593,707	11,043,707	430,000	157,175	11,630,882	
2030	7,780,000	2,258,268	10,038,268	445,000	139,675	10,622,943	61.14%
2031	8,110,000	1,931,847	10,041,847	460,000	123,875	10,625,722	
2032	8,225,000	1,608,850	9,833,850	475,000	109,850	10,418,700	
2033	8,070,000	1,300,098	9,370,098	490,000	97,825	9,957,923	
2034	8,020,000	990,907	9,010,907	500,000	87,925	9,598,832	
2035	5,685,000	733,274	6,418,274	510,000	77,825	7,006,099	86.18%
2036	5,890,000	524,863	6,414,863	520,000	67,525	7,002,388	
2037	4,910,000	335,891	5,245,891	530,000	56,363	5,832,254	
2038	3,700,000	193,363	3,893,363	540,000	44,325	4,477,688	
2039	2,670,000	92,888	2,762,888	555,000	32,006	3,349,894	
2040	1,735,000	29,933	1,764,933	565,000	19,406	2,349,339	99.53%
2041	180,000	3,510	183,510	580,000	6,525	770,035	100.00%
	\$152,745,000	\$47,496,851	\$200,241,851	\$ 9,155,000	\$2,558,203	\$211,955,054	
					\$11,713,203		

(1) Average life of the Certificates is 11.004 years. Interest calculated at an average rate of 2.750% for purposes of illustration. Preliminary, subject to change.



**TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION**

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/21 <sup>(1)</sup>		\$ 16,482,315
Interest and Sinking Fund, September 30, 2020	\$ 3,888,921	
Prior Year Delinquent Taxes	177,800	
Interest and Sinking Fund Tax Levy at 99% collections	<u>17,252,833</u>	<u>21,319,554</u>
Estimated Balance, 9/30/21		\$ 4,837,239

(1) Includes the Certificates. Preliminary, subject to change.

**TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT**

The City now levies a tax for all General Obligation Debt and does not consider any ad valorem tax debt to be self-supporting.

**TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

As of May 1, 2021, the City does not have any authorized but unissued general obligation bonds.

**ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . .** The City anticipates the issuance of additional general obligation debt in the approximate amount of \$20,000,000 in the Spring of 2022 plus a potential May 2022 bond election.

**TABLE 12 - OTHER OBLIGATIONS**

The City has no other unfunded obligations.

**PENSION PLAN**

**Plan Description** – The City participates as one of 888 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](http://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 2018	Plan Year 2019
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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	206
Inactive employees entitled to but not yet receiving benefits	184
Active employees	509
Total	<u>899</u>

Contributions - The contribution rates for employees in TMRS is 7% of employee gross earnings, and the City matching percentages is 15.39%, 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 14.95% and 15.39% in calendar years 2019 and 2020 respectively. The City's contributions to TMRS as of September 30, 2020 were \$6,393,535 and were equal to the required contributions.

#### Net Pension Liability:

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

#### Actuarial Assumptions:

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

Inflation:	2.5% per year
Overall payroll growth:	2.75% 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 are based on a PUB(1) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for the future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4 year set forward for males and a 3 year set forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UPM to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption of Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 20019 through 2011 and dated December 31, 2013. 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.

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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 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

**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)
<b>Balance at 12/31/2018</b>	\$175,739,830	\$ 143,138,600	\$ 32,601,230
Changes for the year:			
Service Cost	6,740,954	-	6,740,954
Interest	11,894,334	-	11,894,334
Change in benefit terms	-	-	-
Difference between expected and actual experience	250,026	-	250,026
Changes of assumptions	78,667	-	78,667
Contributions - employer	-	5,636,312	(5,636,312)
Contributions - employee	-	2,639,076	(2,639,076)
Net investment income	-	22,158,465	(22,158,465)
Benefit payments, including refunds of employee contributions	(5,795,914)	(5,795,914)	-
Administrative expense	-	(125,039)	125,039
Other changes	-	(3,756)	3,756
Net changes	13,168,067	24,509,144	(11,341,077)
<b>Balance at 12/31/2019</b>	<u>\$188,907,897</u>	<u>\$ 167,647,744</u>	<u>\$ 21,260,153</u>

**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	\$ 51,084,393	\$ 21,260,153	\$ (3,007,501)

**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](http://www.tmr.com).

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

For the year ended September 30, 2020, the City recognized expense of \$7,237,672.

At September 30, 2020 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	2020 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
2014 Difference in experience (inflows)/outflows	1.9001	\$ 19,977	\$ 9,463	\$ 9,463
2015 Difference in experience (inflows)/outflows	2.7300	65,769	24,091	41,678
2016 Difference in experience (inflows)/outflows	3.7900	1,098,001	289,710	808,291
2017 Difference in experience (inflows)/outflows	4.7300	606,680	128,262	478,418
2018 Difference in experience (inflows)/outflows	5.4200	1,869,416	344,911	1,524,505
2019 Difference in experience (inflows)/outflows	6.0500	250,025	41,325	208,700
			<u>837,762</u>	<u>3,071,055</u>
2015 difference in assumptions (inflows)/outflows	2.7300	(271,790)	(99,557)	(172,233)
2019 difference in assumptions (inflows)/outflows	6.0500	78,667	13,003	65,664
			<u>(86,554)</u>	<u>(106,569)</u>
2016 deficit investment returns (inflows)/outflows	2.0000	(5,742)	(2,871)	(2,871)
2017 deficit investment returns (inflows)/outflows	3.0000	(5,296,912)	(1,765,637)	(3,531,275)
2018 deficit investment returns (inflows)/outflows	4.0000	(11,256,114)	2,814,029	8,442,086
2019 deficit investment returns (inflows)/outflows	5.0000	(12,496,609)	(2,499,322)	(9,997,287)
			<u>(1,453,801)</u>	<u>(5,089,347)</u>
				<u>\$ (2,124,861)</u>

\$4,878,120 (including \$34,635 for MEDC) 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 ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred Outflows/(Inflows) of resources
2020	\$ (702,593)
2021	(688,806)
2022	1,071,082
2023	(2,006,448)
2024	199,191
Therafter	2,713
Total	<u>\$ (2,124,861)</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](http://www.tmr.com).

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

Inactive employees or beneficiaries currently receiving benefits	162
Inactive employees entitled to but not yet receiving benefits	45
Active employees	509
Total	<u>716</u>

Contributions - The contribution rates for employees in SDBF is .02% of employee gross earnings, and the city matching percentages is .16%, 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 .16% in calendar years 2019 and 2020 respectively. The City's contributions to SDBF as of September 30, 2020 were \$65,265 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, 2019.



### Actuarial Assumptions:

The Total OPEB Liability related to SDBF in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% per year, including inflation
Discount Rate	2.75%, based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

### Changes in the Total OPEB Liability related to SDBF:

	Total OPEB Liability (SDBF)
Balance at 12/31/2018	\$ 1,179,078
Changes for the year:	
Service Cost	49,011
Interest	44,513
Differences between expected and actual experience	(203,949)
Changes in assumptions or other inputs	214,351
Benefit payments*	(7,540)
Net Changes	96,386
Balance at 12/31/2019	\$ 1,275,464

\*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 2.75%, 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 (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB Liability	\$ 1,569,863	\$ 1,275,464	\$ 1,048,914

### 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](http://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, 2020, the City recognized expense of \$113,910.

At September 30, 2020 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
2019 Change in assumptions	7.7300	\$ 214,351	\$ 27,730	\$ 186,621
2018 Change in assumptions	7.0400	(71,230)	(10,118)	(61,112)
2017 Change in assumptions	6.0400	66,918	11,079	55,839
2019 Difference in expected and actual experience	7.7300	(203,949)	(26,384)	(177,565)
2018 Difference in expected and actual experience	7.0400	127,275	18,079	109,196
			<u>\$ 20,386</u>	<u>\$ 112,979</u>

\$50,715 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, 2021. 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
2021	\$ 20,386
2022	20,386
2023	20,386
2024	20,386
2025	20,386
Thereafter	11,049
	<u>\$ 112,979</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 452 active plan members and 104 retired plan members receiving benefits. Of the retired members, 40 had less than 20 years of service and 64 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 \$2,410,000 for the fiscal year ended September 30, 2020.

#### Net OPEB Liability

The City's net OPEB liability (NOL) was measured as of June 30, 2020 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, 2020 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	PRI-2012 Total Dataset Mortality Table with Improvement Scale MP-2019
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 from RP-2014 Mortality Table to PRI 2012 Total Dataset Mortality Table. Also improvement scale has been changed from MP-2018 to MP-2019
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, 2020 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	\$ 58,992,696	\$ 16,976,627	\$ 42,016,069
Changes for the year:			
Service Cost	607,995	-	607,995
Interest	4,048,664	-	4,048,664
Difference between expected and actual experience	5,583,748	-	5,583,748
Changes of assumptions	(1,186,827)	-	(1,186,827)
Contributions - employer	-	2,628,940	(2,628,940)
Benefit Payments	(2,628,940)	(2,628,940)	-
Net Investment Income	-	764,088	(764,088)
Administrative expense	-	(80,301)	80,301
Net changes	6,424,640	683,787	5,740,853
Balance at 6/30/2019	\$ 65,417,336	\$ 17,660,414	\$ 47,756,922

### 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	\$ 57,865,151	\$ 47,756,922	\$ 3,961,245

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	\$ 39,599,154	\$ 47,756,922	\$ 57,825,189

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2020, the City recognized expense of \$6,463,432.

At September 30, 2020 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	2019 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
<b>Due to Liabilities</b>				
2018 Change in actuarial experience	2.3900	\$ (782,277)	\$ (327,313)	\$ (454,964)
2018 Change in assumptions	3.9400	(1,186,827)	(301,225)	(885,602)
			<u>\$ (628,538)</u>	<u>\$ (1,340,566)</u>
<b>Due to Assets</b>				
2018-2020 Net difference in projected and actual earnings on OPEB plan investments	5.0000	\$ 567,123	\$ 123,832	\$ 443,291
2019 Difference between expected and actuarial experience	3.2000	6,674,637	2,085,824	4,588,813
2019 Defference between expected and actuarial expereince	3.9400	5,583,748	1,417,195	4,166,553
			<u>\$ 3,626,851</u>	<u>\$ 9,198,657</u>

\$2,410,000 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, 2020. 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	\$ 2,998,313
2021	3,197,977
2022	1,560,252
2023	101,549
2024	-
Thereafter	-
	<u>\$ 7,858,091</u>

#### Deferred Outflows of Resources Related to Pensions and OPEBs

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit	Total Deferred Outflows and Inflows
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension contributions	\$ 3,925,424	\$ 918,061	\$ 4,843,485	\$ 34,635	\$ 4,878,120
Deferred Net OPEB contributions	1,974,513	421,991	2,396,504	13,496	2,410,000
Deferred Total OPEB contributons-SDBF	40,811	9,544	50,355	360	50,715
Deferred investment losses-net OPEB	363,190	77,619	440,809	2,482	443,291
Deferred assumption changes-pension	52,840	12,358	65,198	466	65,664
Deferred assumption changes-SDBF	195,109	45,630	240,739	1,721	242,460
Deferred actuarial experience-pension	2,471,276	577,972	3,049,248	21,805	3,071,053
Deferred actuarial experience-net OPEB	7,173,272	1,533,065	8,706,337	49,029	8,755,366
Deferred actuarial experience-SDBF	87,870	20,551	108,421	775	109,196
	<u>\$ 16,284,305</u>	<u>\$ 3,616,791</u>	<u>\$ 19,901,096</u>	<u>\$ 124,769</u>	<u>\$ 20,025,865</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred assumption changes-pension	\$ 138,596	\$ 32,414	\$ 171,010	\$ 1,223	\$ 172,233
Deferred assumption changes-net OPEB	725,574	155,069	880,643	4,959	885,602
Deferred assumption changes-SDBF	49,176	11,502	60,678	434	61,112
Deferred investment gains-pension	4,095,397	957,814	5,053,211	36,134	5,089,345
Deferred actuarial experience-net OPEB	372,752	79,664	452,416	2,548	454,964
Deferred actuarial experience-SDBF	142,885	33,419	176,304	1,261	177,565
	<u>\$ 5,524,380</u>	<u>\$ 1,269,882</u>	<u>\$ 6,794,262</u>	<u>\$ 46,559</u>	<u>\$ 6,840,821</u>
<b>LIABILITIES</b>					
Net pension liability	\$ 17,108,045	\$ 4,001,161	\$ 21,109,206	\$ 150,947	\$ 21,260,153
Net OPEB liability	39,127,246	8,362,237	47,489,483	267,439	47,756,922
Total OPEB liability-SDBF	1,026,365	240,043	1,266,408	9,056	1,275,464
	<u>\$ 57,261,656</u>	<u>\$ 12,603,441</u>	<u>\$ 69,865,097</u>	<u>\$ 427,442</u>	<u>\$ 70,292,539</u>



## FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET ASSETS

	Governmental Activities 2020	Governmental Activities 2019	Governmental Activities 2018	Governmental Activities 2017	Governmental Activities 2016
REVENUES:					
Program Revenues:					
Charges for services	\$ 20,630,815	\$ 16,417,313	\$ 17,039,875	\$ 13,762,203	\$ 14,086,752
Operating grants and contributions	3,644,625	364,704	537,571	744,621	767,307
Capital grants and contributions	19,568,637	9,190,904	12,138,654	3,357,730	8,236,152
General revenues:					
Property taxes	58,969,473	51,392,861	46,358,223	41,638,465	38,341,205
Other taxes	27,228,756	23,820,535	22,064,495	20,783,110	20,206,945
Other	558,295	1,327,897	796,305	400,055	1,781,910
Total Revenues	<u>\$ 130,600,601</u>	<u>\$ 102,514,214</u>	<u>\$ 98,935,123</u>	<u>\$ 80,686,184</u>	<u>\$ 83,420,271</u>
EXPENSES:					
General government	23,086,899	19,297,584	18,218,204	14,432,936	11,753,157
Public safety	44,182,742	40,252,978	34,407,383	31,997,593	30,908,765
Public works	17,310,005	20,480,928	15,647,044	15,236,701	15,016,503
Culture and recreation	11,982,897	12,247,607	10,104,737	10,348,391	9,500,285
Interest on long-term debt	7,052,705	6,903,807	6,567,752	6,344,763	5,345,071
Total Expenses	<u>\$ 103,615,248</u>	<u>\$ 99,182,904</u>	<u>\$ 84,945,120</u>	<u>\$ 78,360,384</u>	<u>\$ 72,523,781</u>
Increase in net assets before transfers	26,985,353	3,331,310	13,990,003	2,325,800	10,896,490
Transfers	(819,063)	758,794	1,589,807	1,560,112	723,188
Increase in net assets	26,166,290	4,090,104	15,579,810	3,885,912	11,619,678
Beginning Net assets	266,886,890	262,796,786	247,216,976 <sup>(1)</sup>	268,951,844	257,332,166
Ending Net assets	<u>\$ 293,053,180</u>	<u>\$ 266,886,890</u>	<u>\$ 262,796,786</u>	<u>\$ 272,837,756</u>	<u>\$ 268,951,844</u>

(1) Beginning Net Assets restated for GASB No. 75. GASB No. 75 requires a prior period adjustment be made for certain items previously reported as assets and liabilities.

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TABLE 13-A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Years Ended September 30,				
	2020	2019	2018	2017	2016
<b>Revenues:</b>					
Taxes, Penalties and Interest	\$ 56,070,358	\$ 50,832,200	\$ 45,495,286	\$ 41,578,450	\$ 38,987,751
Licenses and Permits	2,673,226	2,260,191	2,309,844	1,759,695	1,973,666
Intergovernmental	3,349,555	599,725	414,039	632,317	687,972
Charges for Services	7,292,387	5,537,205	5,388,483	4,764,006	4,245,709
Fine and Forfeitures	1,329,253	1,727,667	1,735,354	1,840,769	1,912,343
Interest	248,646	589,290	281,448	88,435	29,282
Contributions	-	-	-	-	-
Miscellaneous	1,250,379	1,009,032	974,502	950,805	926,053
Total Revenues	<u>\$ 72,213,804</u>	<u>\$ 62,555,310</u>	<u>\$ 56,598,956</u>	<u>\$ 51,614,477</u>	<u>\$ 48,762,776</u>
<b>Expenditures:</b>					
General Government	\$ 18,791,681	\$ 15,635,490	\$ 14,728,798	\$ 11,952,386	\$ 10,835,089
Public Safety	39,344,907	36,353,285	32,450,352	30,308,335	28,865,315
Public Works	4,238,179	4,689,809	3,640,450	4,244,277	4,065,720
Cultural and Recreation	4,288,073	4,197,037	3,898,431	4,291,402	3,895,625
Capital Outlay	254,043	174,694	984,336	639,242	717,559
Total Expenditures	<u>\$ 66,916,883</u>	<u>\$ 61,050,315</u>	<u>\$ 55,713,491</u>	<u>\$ 51,435,642</u>	<u>\$ 48,379,308</u>
<b>Other Financing Sources (Uses):</b>					
Unreserved, current	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of City Property	-	98,825	-	30,359	2,031,544
Bond Proceeds	-	-	1,038,206	-	-
Premiums/Discounts, net	-	-	62,917	-	-
Transfers In	2,411,696	1,963,663	1,727,443	1,562,352	1,208,513
Transfers Out	(2,930,624)	(3,187,154)	(1,161,085)	(372,496)	(2,566,926)
Total Other Sources (Uses)	<u>\$ (518,928)</u>	<u>\$ (1,124,666)</u>	<u>\$ 1,667,481</u>	<u>\$ 1,220,215</u>	<u>\$ 673,131</u>
<b>Excess (Deficiency) of</b>					
Revenues Over Expenditures					
and Other Sources (Uses)	\$ 4,777,993	\$ 380,329	\$ 2,552,946	\$ 1,399,050	\$ 1,056,599
Beginning Fund Balance	<u>17,409,306</u>	<u>17,028,977</u>	<u>14,476,031</u>	<u>13,076,981</u>	<u>12,020,382</u>
Ending Fund Balance	<u>\$ 22,187,299</u>	<u>\$ 17,409,306</u>	<u>\$ 17,028,977</u>	<u>\$ 14,476,031</u>	<u>\$ 13,076,981</u>

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TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In addition to the collections below, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (1/2% of 1%) for the purpose of park, downtown and historical improvements and such tax may be pledged to secure payment of sales tax revenue bonds issued by the Mansfield Park Facilities Development Corporation. On January 18, 1997 the voters of the City also approved a sales and use tax of one-half of one percent (1/2% of 1%) solely for the promotion and development of new and expanded business enterprises and such tax may be pledged to the payment of obligations that may be issued by the Mansfield Economic Development Corporation.

Fiscal Year Ended 9/30	1% Local Sales Tax Collected For General Fund <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita <sup>(2)</sup>
2017	\$ 10,771,905	25.66%	\$ 0.1822	\$ 156.60
2018	11,570,527	24.74%	0.1756	164.89
2019	12,439,543	24.92%	0.1769	169.45
2020	13,621,422	24.92%	0.1706	179.80
2021	8,919,473 <sup>(3)</sup>	16.27%	0.1123	117.36

(1) Excludes (a) one-half cent sales tax collections for Mansfield Economic Development Corporation, collected for the promotion and development of new and expanded business enterprises and (b) one-half cent sales collections for Mansfield Park Facilities Development Corporation collected for park, downtown and historical improvements.

(2) Based on population estimates of City Planning Department.

(3) Collections as of April 30, 2021.

#### 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 may invest its investable funds (including bond proceeds and money pledged to the payment of or as security for bonds or other indebtedness issued by the City or obligations under a lease, installment sale, or other agreement of the City) 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.

### AUTHORIZED INVESTMENTS

Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the City Council or a designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of Chapter 2256, Texas Government Code (the "Public Funds Investment Act"), that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State 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), Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements as defined in the Public Funds Investment Act, that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13) in this paragraph,



require the securities being purchased by the City or cash held by the City to be 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; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the 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; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated not less than "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 United States or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract.

A political subdivision such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, other than the prohibited obligations described below, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) above, 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; and (iv) the agreement to lend securities has a term of one year or less.

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, if the City Council authorizes such investment in the particular pool by order, ordinance, or resolution and the investment pool complies with the requirements of Section 2256.016, Texas Government Code.

The City may also contract with an investment management firm registered (x) under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.), or (y) with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by ordinance, order or resolution.

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 and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.



Under 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, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest City funds without express written authority from the City Council.

#### ADDITIONAL PROVISIONS

Under State law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (3) 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; (4) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (5) provide specific investment training for the treasurer, chief financial officer and investment officers; (6) 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; (7) restrict the investment in mutual funds in the aggregate to no more than 80% of the City’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the entity’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; and (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

**TABLE 15 – CURRENT INVESTMENTS**

As of May 31, 2021, the City’s invested funds were invested in the following categories:

Description of Investment	Percent of Portfolio	Total Investment <sup>(1)</sup>
AIM Invesco	0.64%	\$ 468,074
Bank of America Merrill Lynch	34.34%	25,178,822
TexStar	60.58%	44,420,436
	100.00%	\$ 73,325,091

(1) Pooled funds that include the City’s funds and the funds of component units of the City.

#### TAX MATTERS

**The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Certificates should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Certificates.**

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

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Certificates, 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 Certificates 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 of the Certificates with respect to matters solely within the knowledge of the City, the City’s Financial Advisor and the Initial Purchaser of the Certificates, 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 are determined to be inaccurate or incomplete, interest on the Certificates could become includable in gross income from the date of delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

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

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 Certificates. 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 Certificates could adversely affect the value and liquidity of the Certificates regardless of the ultimate outcome of the audit.

#### **ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS**

**COLLATERAL TAX CONSEQUENCES . . .** Prospective purchasers of the Certificates 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 Certificates. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Certificates 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 Certificates, received or accrued during the year.

**TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE PREMIUM . . .** The issue price of all or a portion of the Certificates may exceed the stated redemption price payable at maturity of such Certificates. Such Certificates (the "Premium Certificates") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Certificate 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 Certificate 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 Certificate 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 Certificate that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Certificate) is determined using the yield to maturity on the Premium Certificate based on the initial offering price of such Premium Certificate.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Certificates 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 Certificates 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 Certificate 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 Certificates.

**TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . .** The issue price of all or a portion of the Certificates may be less than the stated redemption price payable at maturity of such Certificates (the "Original Issue Discount Certificates"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate constitutes original issue discount with respect to such Original Issue Discount Certificate in the hands of any owner who has purchased such Original Issue Discount Certificate in the initial public offering of the Certificates. 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 Certificate equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Certificate 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 Certificates under the caption "Tax Matters - Tax Exemption" and "Tax Matters - Additional Federal Income Tax Considerations - Collateral Tax Consequences" and "- Tax Legislative Changes" generally apply, and should be considered in connection with the discussion in this portion of the Official Statement.



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

The foregoing discussion assumes that (i) the respective Initial Purchasers have purchased the Certificates for contemporaneous sale to the public and (ii) all of the Original Issue Discount Certificates 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 Certificates will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Certificate 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 Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificates 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 Certificate.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Certificates 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 Certificates 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 Certificates 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 Certificates.

**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 Certificates from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

## 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 Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (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) <<http://www.emma.msrb.org>>.

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

The City's current fiscal year end is September 30. Accordingly, updated unaudited information included in the above-referenced Tables must be provided by March 31 in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 of each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.



**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 Certificates: (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 Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) Defeasances; (10) Release, substitution, or sale of property securing repayment of the Certificates, if material; (11) Rating changes; (12) Bankruptcy, insolvency, receivership or similar event of the City; (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) Appointment of a successor or additional 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 its 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 Certificates 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](http://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 Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreements from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates 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 Certificates 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 Certificates. 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 SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City so amends the agreements, 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 Certificates and the presently outstanding tax supported debt of the City are rated "Aa1" by Moody's, "AAA" by S&P and "AA+" by Fitch, without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the respective views of such organizations and the 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 any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Certificates.

### LITIGATION

*Savering et al. v. City of Mansfield et al.* On August 28, 2014, Josh and Kelli Savering 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.

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 of Appeals 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 plaintiffs filed a Motion for Rehearing *en Banc*, which was denied.



The plaintiffs' Motion for Rehearing requested, 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 of title is valid. Following denial of their Motion for Rehearing *en Banc* at the Court of Appeals, plaintiffs filed a petition for review with the Texas Supreme Court arguing that the Court of Appeals erred by not deciding the overall title question. The City Defendants have argued that the Court of Appeals ruling (in City Defendants favor) should stand. If the Texas Supreme Court denies review, the case will be sent back down to the trial court for disposition in accordance with the court of appeals ruling. As things currently 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.

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

The sale of the Certificates 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 Certificates have not been approved or disapproved by the Securities and Exchange Commission, nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this Official Statement. The Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration 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 Certificates 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 Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "Other Information - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates 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 Certificates, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Certificate and to the effect that the Certificates are valid and binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City. Issuance of the Certificates is also subject to the legal opinion of Bracewell LLP ("Bond Counsel") to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under 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 Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal opinions of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the Certificates in the event of the discontinuance of the Book-Entry-Only System.

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



## FINANCIAL ADVISOR

Hilltop Securities is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Hilltop Securities, 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 Certificates, 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 OF THE CERTIFICATES

After requesting competitive bids for the Certificates, the City accepted the bid of \_\_\_\_\_ (the "Initial Purchaser of the Certificates") to purchase the Certificates at the prices shown on page 4 of the Official Statement. The Initial Purchaser of the Certificates can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser of the Certificates. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Certificates.

## INFECTIOUS DISEASE OUTBREAK – COVID-19

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

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

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the City. These negative impacts may reduce or otherwise negatively affect future property values and/or the collection of revenues within the City. See "Tax Information." The Certificates are secured by an ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City and a limited pledge of surplus net revenues (not to exceed \$1,000) of the City's Waterworks and Sewer System and actions taken to slow the Pandemic are expected to continue to reduce economic activity within the City on which the City collects taxes, charges, and fees. A reduction in the collection of taxes and other fees and charges may negatively impact the City's operating budget and overall financial condition.

The financial and operating data contained herein are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the City. The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the Pandemic upon the City. While the potential impact of the Pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition, and the effect could be material.



## WINTER STORM URI

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

## 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.

## CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Certificates, 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 Certificates 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.

## MISCELLANEOUS

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

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

The Ordinance authorizing the issuance of the Certificates will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Certificates by the Initial Purchaser.

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Mayor  
City of Mansfield, Texas

ATTEST:

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City Secretary

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**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 76,000 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	Manufacturer 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	Manufacturer of Screw Conveyors	72
Paragon	Manufacturer 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) <sup>(1)</sup>**

City of Mansfield	2021 <sup>(2)</sup>	2020	2019	2018	2017
Labor Force	38,615	38,333	38,575	37,384	35,992
Employed	36,361	35,906	37,357	36,166	34,771
Unemployed	2,254	2,427	1,218	1,218	1,221
% Unemployment	5.8%	6.3%	3.2%	3.3%	3.4%

Tarrant County	2021 <sup>(2)</sup>	2020	2019	2018	2017
Labor Force	1,088,659	1,082,822	1,079,646	1,059,616	1,036,145
Employed	1,015,950	1,003,269	1,043,814	1,022,224	997,323
Unemployed	72,708	79,553	35,832	37,392	38,822
% Unemployment	6.7%	7.3%	3.3%	3.5%	3.7%

(1) Source: Texas Employment Commission.

(2) Through April 2021.

**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	
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	92	312,449,253	758	266,028,479	578,477,732
2021 <sup>(1)</sup>	64	130,960,495	493	165,415,767	296,376,262

(1) As of April 30, 2021.



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
Creekside 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, 2020

The information contained in this Appendix consists of excerpts from the City of Mansfield, Texas Annual Financial Report for the Year Ended September 30, 2020, 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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## Independent Auditor's Report

The Honorable Mayor, City Council and City Manager  
 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 (City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 accounting principles generally accepted in the United States of America; 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.

### *Auditor's 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 *Government 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 auditor's 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.



The Honorable Mayor, City Council and City Manager  
City of Mansfield, Texas

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 as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

The 2019 financial statements for fiduciary funds, before they were restated for the matters discussed in Note 1, were audited by other auditors, and their report thereon dated February 6, 2020, expressed unmodified opinions on those financial statements. Our opinions are not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension and other postemployment 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.

#### *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 introductory section, combining and individual fund financial statements and schedules, statistical section and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Mayor, City Council and City Manager  
City of Mansfield, Texas

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards 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 *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2021, 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 the effectiveness of the City's 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.

**BKD, LLP**

Dallas, Texas  
March 18, 2021



## 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, 2020. 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 \$513 million.
- The City recognized approximately \$190 million in revenue from various sources of taxes, services, and capital contributions and recognized approximately \$141 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 \$83 million. Approximately 27% of this \$83 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 \$22 million or 33% of total general fund expenditures.
- The City and MEDC's total debt obligations (excluding premiums and discounts) increased by \$6.975 million (2.96%) during the current fiscal year. This is from approximately \$28.72 million in new bond proceeds offset by \$21.75 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 \$10.378 million for the purpose of street improvements and other public purposes.

Certificates of Obligation of \$6.339 million for the purpose of fire station #5 construction.

Certificates of Obligation of \$1.709 million for the purpose of design of police station.

Certificates of Obligation of \$.75 million for the purpose of restoring a historical building.

Certificates of Obligation of \$1.0 million for the purpose of library modification.

Certificates of Obligation of \$4.049 million for the purpose of equipment replacement.

General Obligation Refunding of \$4.475 million for the purpose of refunding 2009-2011 bonds.

### 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 12 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, Mansfield Parks Facility Development Corporation, and the TIRZ Fund Number 1, all of which are considered to be major funds. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

### **Proprietary Funds**

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

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

### **Fiduciary Funds**

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

### **Notes to Financial Statements**

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

### **Other Information**

The City adopts an annual appropriated budget for its general fund and both debt service funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget. In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the City's progress in funding its obligation to provide pension and other post-employment 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 \$513,409,317 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (93.16%) 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	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and other	\$ 98,313,491	\$ 69,936,605	\$ 48,466,483	\$ 52,476,271	\$ 146,779,974	\$ 122,412,876
Capital	453,053,593	434,803,657	222,046,603	202,839,592	675,100,196	637,643,249
Total assets	551,367,084	504,740,262	270,513,086	255,315,863	821,880,170	760,056,125
Deferred outflows:	18,641,654	20,231,266	6,146,241	7,282,378	24,787,895	27,513,644
<b>Liabilities:</b>						
Long-Term	263,028,465	248,227,826	50,732,461	60,201,546	313,760,926	308,429,372
Other	8,393,645	7,630,988	4,288,459	4,019,120	12,682,104	11,650,108
Total liabilities	271,422,110	255,858,814	55,020,920	64,220,666	326,443,030	320,079,480
Deferred inflows:	5,533,448	2,225,824	1,282,270	319,688	6,815,718	2,545,512
Net investment in capital assets	291,725,686	255,292,846	186,573,687	164,254,085	478,299,373	419,546,931
Restricted	27,153,749	37,150,376	16,047,528	13,689,966	43,201,277	50,840,342
Unrestricted	(25,826,255)	(25,556,332)	17,734,922	20,113,836	(8,091,333)	(5,442,496)
Total net position	\$ 293,053,180	\$ 266,886,890	\$ 220,356,137	\$ 198,057,887	\$ 513,409,317	\$ 464,944,777

As of September 30, 2020, a portion of the City's net position, \$43,201,277 or (8.41)% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of (\$8,091,333) 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 \$513,409,317.

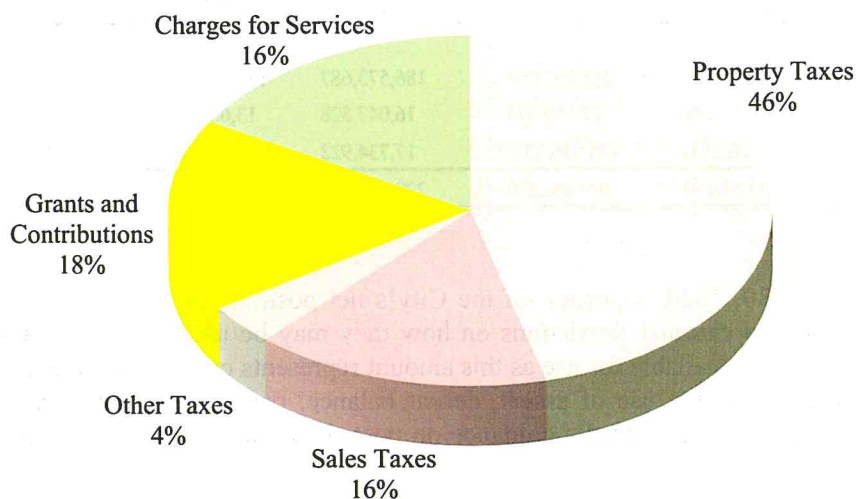
### City's Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Beg - Net Position	\$ 266,886,890	\$ 262,796,786	\$ 198,057,887	\$ 185,316,485	\$ 464,944,777	\$ 448,113,271
Revenues	\$ 130,600,601	\$ 102,514,214	\$ 59,198,437	\$ 52,215,037	\$ 189,799,038	\$ 154,729,251
Expenses	103,615,248	99,182,904	37,719,250	38,714,841	141,334,498	137,897,745
Transfers, net	(819,063)	758,794	819,063	(758,794)	-	-
Net Change in Position	26,166,290	4,090,104	22,298,250	12,741,402	48,464,540	16,831,506
End - Net Position	\$ 293,053,180	\$ 266,886,890	\$ 220,356,137	\$ 198,057,887	\$ 513,409,317	\$ 464,944,777

### Governmental Activities

City governmental activity revenue for fiscal year 2020 increased \$28.1 million from fiscal year 2019. Revenues in fiscal year 2019 were \$102.5 million compared to this fiscal year revenue of \$130.6 million. The largest increase was \$13.3 million in grants and capital contributions related to COVID-19 grant funds and contributions from developers constructing new developments. The City received \$7.6 million in additional property taxes related to an increase in valuations and new homes and \$1.7 million in sales tax attributable to new developments opening.

### Governmental Activities - Revenues by Source for fiscal year ending 2020



Expenses in fiscal year 2020 compared to expenses in fiscal year 2019 increased by 4.47% or \$4.4 million. The demand for services increased expenses in fiscal 2020 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 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 2020, the City recognized \$12.6 million in depreciation expense for street-related assets compared to \$12.1 in fiscal 2019. Street improvements are expected to last twenty-five years with the appropriate level of maintenance and repair. This year, the City spent over \$4.4 million in maintenance and repairs on its 622 plus miles of linear streets. The decrease in public works was related to halting non-critical expenditures to assess the impact of COVID-19.

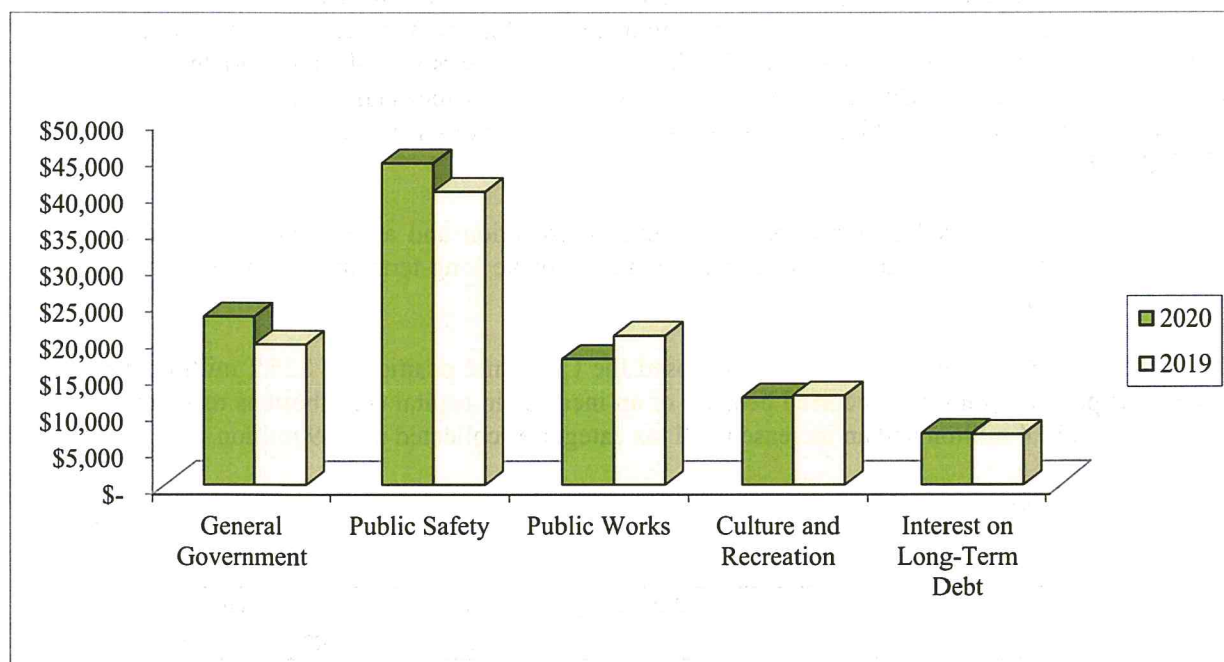
This year the City recognized \$7.1 million in interest, amortization and associated issuance costs. Interest expense is the cost the City incurs for borrowing money to make long-term improvements that are generally regarded as long-term assets of the City.

This fiscal year, the Governmental activities increased the City's net position by \$26.2 million. The increase in the City net position primarily occurred because of an increase in capital contributions received by the City in the amount of \$10.4 million and an increase in all tax categories collected of \$8.9 million.

### City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>REVENUES -</b>						
Program Revenues:						
Charges for Services	\$20,630,815	\$16,417,313	\$50,574,870	\$47,603,707	\$71,205,685	\$64,021,020
Operating Grants and Contributions	3,644,625	364,704	-	-	3,644,625	364,704
Capital Grants and Contributions	19,568,637	9,190,904	8,365,459	3,968,414	27,934,096	13,159,318
General Revenues:						
Property taxes	58,969,473	51,392,861	-	-	58,969,473	51,392,861
Sales taxes	22,552,355	18,724,296	-	-	22,552,355	18,724,296
Other taxes	4,676,401	5,096,239	-	-	4,676,401	5,096,239
Other	558,295	1,327,897	258,108	642,916	816,403	1,970,813
Total Revenues	130,600,601	102,514,214	59,198,437	52,215,037	189,799,038	154,729,251
<b>EXPENSES -</b>						
General government	23,086,899	19,297,584	-	-	23,086,899	19,297,584
Public safety	44,182,742	40,252,978	-	-	44,182,742	40,252,978
Public works	17,310,005	20,480,928	-	-	17,310,005	20,480,928
Culture and recreation	11,982,897	12,247,607	-	-	11,982,897	12,247,607
Interest on debt	7,052,705	6,903,807	-	-	7,052,705	6,903,807
Water and Sewer	-	-	30,961,628	29,855,512	30,961,628	29,855,512
Law Enforcement	-	-	5,266,351	7,478,718	5,266,351	7,478,718
Drainage	-	-	1,491,271	1,380,611	1,491,271	1,380,611
Total Expenses	103,615,248	99,182,904	37,719,250	38,714,841	141,334,498	137,897,745
Before transfers	26,985,353	3,331,310	21,479,187	13,500,196	48,464,540	16,831,506
TRANSFERS, net	(819,063)	758,794	819,063	(758,794)	-	-
Change in net position	26,166,290	4,090,104	22,298,250	12,741,402	48,464,540	16,831,506
Net Position, Beginning	266,886,890	262,796,786	198,057,887	185,316,485	464,944,777	448,113,271
Net Position, Ending	\$293,053,180	\$266,886,890	\$220,356,137	\$198,057,887	\$513,409,317	\$464,944,777

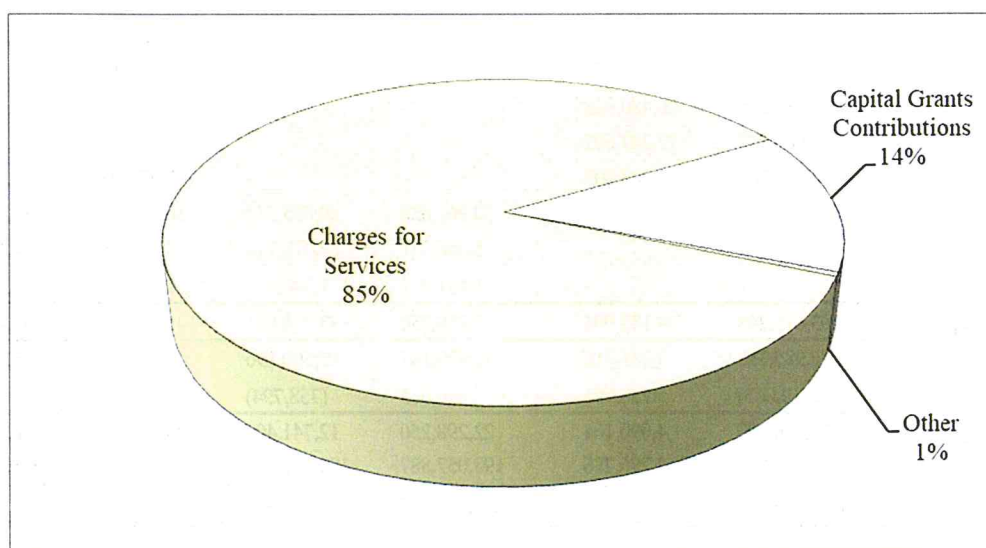
### Governmental Activities – Expenses (in thousands)



### Business-Type Activities

Revenues exceeded expenses for the City's business-type activities in fiscal year 2020. Total revenues including capital contributions were approximately \$59.2 million and total expenses including interest expense were approximately \$37.7 million while equity transfers were approximately \$0.8 million which added approximately \$22.3 million to the Business-Type's net financial position. This increased the net position of the business-type activities from approximately \$198.1 million to approximately \$220.4 million by the end of fiscal year 2020.

### Business-Type Activities – Revenues by Source for fiscal year ending 2020





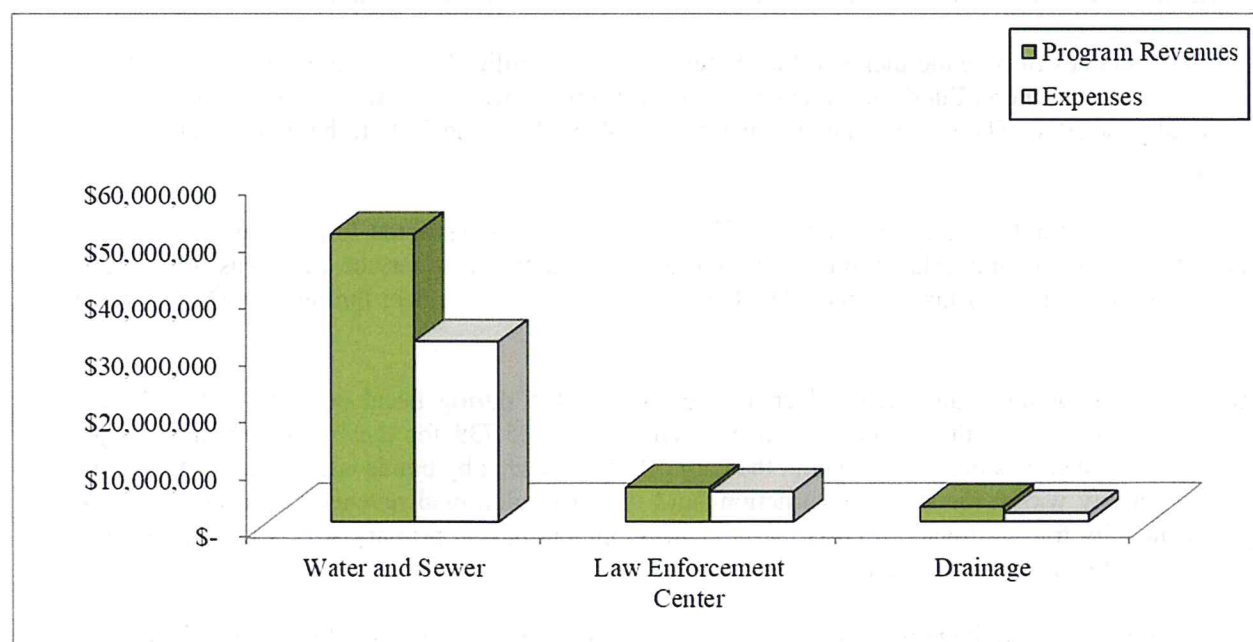
Comparatively, Business-Type Revenues exceeded prior year Business-Type Revenues by 13.37% or \$7.0 million. Revenues including capital contributions for fiscal year 2020 were approximately \$59.2 million and revenues including capital contributions for fiscal year 2019 were approximately \$52.2 million. Expenses including interest for fiscal year 2020 were approximately \$37.7 million before equity transfers of approximately (\$0.8) million and expenses including interest expense for fiscal year 2019 were approximately \$38.7 million before equity transfers of approximately \$0.8 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 2020 was 20% 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 2020, developers contributed public improvements or assets of \$8.4 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 2020**



#### **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 \$83,071,802, an increase of \$24,684,670 in comparison with the prior year. The majority of the increase is from the issuance of bonds and those proceeds have and will be used to construct infrastructure and purchase equipment. Approximately 26.69% or \$22,175,012 of the ending fund balance of \$83,071,802 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) restricted for debt service or for future construction contracts, \$58,698,269 and 2) for committed purposes, \$2,198,521, such as park improvements.

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 \$22,187,299. 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 33% of total general fund expenditures for fiscal year 2020.

The City's General Fund unassigned fund balance and fund balance increased \$4,777,993 in fiscal year 2020. The key reasons for the increases are as follows:

- Actual revenues exceeded actual expenditures by \$5,296,921 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 2020. The General Fund transferred \$2,486,524 to the LEC to help cover the cost of operations.

The debt service fund has a fund balance of \$3,888,921, 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 \$2,191,230 because of an increase in property tax revenue. The City pays for tax-pledged debt through the Debt Service Fund.

The street construction fund balance decreased by \$1,701,455 during fiscal year 2020. This fund's fund balance decreased as a result of construction payments of \$9,405,739 for the improvement of major streets and neighborhood streets in and throughout the City offset somewhat by bonds issued and contributions received. 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 \$3,260,451 in fiscal year 2020.

Fund balance in the building construction fund increased \$10,093,262. The fund issued bonds totaling \$13,380,849 and expended \$3,190,055 on the construction of Fire Station #5, Man House Museum renovation, and other public facilities.

The Mansfield Parks Facility Development Corporation (MPFDC) fund balance increased by \$814,220 during the fiscal year 2020. The fund balance increase is a result of increase in sales tax revenue.

TIRZ #1 spent \$0 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 \$17,659,814, for the Law Enforcement Center amounted to (\$4,253,570), and for the Drainage Utility Fund amounted to \$4,328,678. 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 2020, Water and Sewer revenue increased \$2,224,012 or 6.70%, due to increase in new connects to the system and a water and sewer fee increase in fiscal year 2020.
- During fiscal year 2020, the City distributed 5.0 billion gallons of water while billing customers for 4.9 billion gallons of water usage or 98.0% of the actual plant's production. In fiscal year 2019, the City billed for 4.0 billion gallons of water usage compared to actual plant production of 4.7 billion. Actual water and sewer revenue in fiscal year 2020 increased compared to fiscal year 2019. Actual water and sewer revenue in 2020 was \$35.4 million compared to \$33.2 million in fiscal 2019. Distribution of water in fiscal year 2020 was fairly consistent with distribution in fiscal year 2019 with the increase attributable to the increase in total number of customers year over year by 454 new accounts. The water and sewer activity of the business-type activities produced operating income of \$11.9 million for fiscal year 2020 as compared to \$9.6 million in fiscal year 2019.
- Unrestricted net position decreased in the Water and Sewer Fund by (\$6,691,245). Operating expenses increased \$1,388,700 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 \$5,798,582 for raw water in fiscal year 2020 compared to \$5,667,444 in fiscal year 2019, and the City spent \$7,360,531 to treat the City wastewater in fiscal 2020 compared to \$7,372,667 in fiscal year 2019. The cost for raw water increased year over year by \$131,138 while the cost to treat used water decreased year over year by (\$12,136). The remaining decrease in unrestricted net position is a result of funding capital projects through operations rather than debt.
- The Law Enforcement Center Fund had an operating income of \$766,314 this fiscal year. The operating income is attributable to a reduction of expenses from FY19.
- During the fiscal year 2020, City Council and City Management made the decision to cease operations the Law Enforcement Center in FY21.
- The Drainage Utility Fund revenue had operating income of \$1,240,551 this fiscal year. Drainage Fees were \$2,584,618 and operating expenses excluding depreciation were \$1,190,321.

## 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 \$5,918,893 for fiscal year ended 2020:

- Property Taxes were below budgeted estimates by \$1,288,845 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 \$649,639 due to new developments openings that created new sales tax collections.
- Licenses and permits exceeded budgeted estimates by \$482,157. 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 over budget by \$2,989,497 due to unexpected grant revenue that was awarded to the City in fiscal year 2020. Most of the grant revenue received by the City in fiscal year 2020 was COVID-19 Relief Funds.
- Charges for services exceeded budgeted estimates by \$2,483,070 as the majority of the better than expected revenue was derived from the collection of additional inspections fees for developments 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. Public safety was over budget due to COVID-19 related expenditures. With the other financing sources and uses activity included with the operational activity, the City's revenue exceeded its expenditures for the fiscal year by \$4.8 million. The City was over the overall budget of expenditures (including transfers out) of \$68,247,371 by \$1.6 million due to an increase in public safety expenditures related to COVID-19.

## 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, 2020 amounts to \$675,100,196 (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	
	2020	2019	2020	2019	2020	2019
Land	\$107,685,098	\$107,685,098	\$2,700,790	\$2,271,603	\$110,385,888	\$109,956,701
Buildings and system	90,939,691	92,575,924	143,702,014	146,944,961	234,641,705	239,520,885
Improvements	9,209,664	10,391,300	2,322,111	2,368,225	11,531,775	12,759,525
Machinery and equipment	10,145,945	9,922,077	1,547,110	1,669,371	11,693,055	11,591,448
Infrastructure	215,641,741	201,407,087	51,942,801	44,858,158	267,584,542	246,265,245
Construction in progress	19,431,454	12,822,171	19,831,777	4,727,274	39,263,231	17,549,445
Total	\$453,053,593	\$434,803,657	\$222,046,603	\$202,839,592	\$675,100,196	\$637,643,249

## Governmental Capital Assets

Roadway expansion and improvements remain a primary element of the City's public works program. In 2020, 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 2020:

- 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 \$9,405,739 in street improvements and related work during fiscal year 2020.

Most of the capital assets that were added to construction in progress or the asset base of the City during fiscal year 2020 were planned or budgeted expenditures during fiscal year 2020. 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. Business-type capital assets increased approximately \$19.2 million from the previous year. Current major projects in progress include a new clear well (\$9.4 million project to date) and elevated storage tank (\$4.2 million project to date) to increase storage capacity within the system.

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, 2020.

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 \$243,015,000. Of this amount, \$152,745,000 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 \$23,430,000 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	\$ 152,300,000	\$ 445,000	\$ -	\$ 152,745,000
Sales tax revenue bonds	33,445,000	-	23,430,000	56,875,000
Revenue bonds	-	33,395,000	-	33,395,000
Total	\$ 185,745,000	\$ 33,840,000	\$ 23,430,000	\$ 243,015,000

The City's total debt increased \$6,975,000 or 2.96% 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 \$28,720,000 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+"	"AAA"	"AA+"	"AAA"

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 2019/2020 Property Tax Rate was \$0.71000 per \$100 valuation with a tax margin of \$1.79000 per \$100 valuation based upon the maximum ad valorem tax rate noted above. Additional revenues up to \$142,940,628, per year could be raised before reaching the maximum allowable tax base on the current year's appraised net taxable value of \$7,985,509,946.

### Economic Factors: Next Year's Budgets and Rates

#### The City Economy

- New residential developments that include approximately 6,094 single family homes are in some phase of platting, design, or construction. The City's tax year is one year in arrears; the housing starts in 2020 are for budget year or fiscal year 2022.
- The City's annual growth in property valuation has increased 10% annually on average for the past ten years. For fiscal year 2021, the City's valuations are expected to increase 7.20% and 7.13%, respectively. Generally, the City has weathered COVID-19 and property valuations are expected to remain strong in fiscal 2021 and into 2022. The valuations are expected to remain strong due to residential growth, the City is a good place to live as crime is low, school ratings are fairly high, 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 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 2021 and 2022. The expected budgeted sales tax receipts in 2021 are anticipated to exceed actual collections of 2020 by 1%. Management is monitoring the collections of sales tax revenue and may modify projections into 2021 depending upon the overall economy.
- Retail developments continue into 2021 and 2022. 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 2021 fiscal year.

The City's 2021 General Fund Operating Revenue Budget increased approximately 4% over the fiscal year 2020 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 \$0.69 per \$100 in assessed valuation of property within the City limits and a 10% homestead exemption for fiscal year 2021. Any additional appropriations made during fiscal year 2021 will be offset through the management of the operating expenditures of the General Fund during the course of fiscal year 2021.

### **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, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	MEDC
<b>ASSETS</b>				
Cash and cash equivalents and investments	\$ 88,233,112	\$ 27,213,745	\$ 115,446,857	\$ 4,574,782
Receivables (net of allowance for uncollectibles)	7,164,269	5,119,077	12,283,346	1,255,886
Lease receivable	2,916,110	-	2,916,110	-
Inventories	-	585,592	585,592	-
Restricted assets:				
Cash and cash equivalents and investments	-	15,548,069	15,548,069	5,118,546
Capital assets (net of accumulated depreciation):				
Land	107,685,098	2,700,790	110,385,888	10,272,190
Buildings and systems	90,939,691	143,702,014	234,641,705	-
Improvements other than buildings	9,209,664	2,322,111	11,531,775	87,915
Machinery and equipment	10,145,945	1,547,110	11,693,055	-
Infrastructure	215,641,741	51,942,801	267,584,542	-
Construction in progress	19,431,454	19,831,777	39,263,231	19,429,410
Subtotal capital assets	453,053,593	222,046,603	675,100,196	29,789,515
Total assets	551,367,084	270,513,086	821,880,170	40,738,729
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension contributions	3,925,424	918,061	4,843,485	34,635
Deferred OPEB contributions	2,015,324	431,535	2,446,859	13,856
Deferred investment losses	363,190	77,619	440,809	2,482
Deferred assumption changes	247,949	57,988	305,937	2,187
Deferred actuarial experience	9,732,418	2,131,588	11,864,006	71,609
Deferred loss on refunding	2,357,349	2,529,450	4,886,799	92,602
Total deferred outflows of resources	18,641,654	6,146,241	24,787,895	217,371
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	8,393,645	1,670,975	10,064,620	595,451
Liabilities payable from restricted assets	-	2,617,484	2,617,484	-
Noncurrent liabilities:				
Due within one year	15,457,302	4,274,783	19,732,085	1,854,241
Due in more than one year	188,976,174	33,854,237	222,830,411	22,545,878
Net pension liability	17,108,045	4,001,161	21,109,206	150,947
Net OPEB liability	39,127,246	8,362,237	47,489,483	267,439
Total OPEB liability - SDBF	1,026,365	240,043	1,266,408	9,056
Unearned prepaid rent	1,333,333	-	1,333,333	-
Total liabilities	271,422,110	55,020,920	326,443,030	25,423,012
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred assumption changes	913,346	198,985	1,112,331	6,616
Deferred investment gains	4,095,397	957,814	5,053,211	36,134
Deferred actuarial experience	515,637	113,083	628,720	3,809
Deferred gain on refunding	9,068	12,388	21,456	-
Total deferred inflows of resources	5,533,448	1,282,270	6,815,718	46,559
<b>NET POSITION</b>				
Net investment in capital assets	291,725,686	186,573,687	478,299,373	10,332,716
Restricted for:				
Debt Service	4,577,535	4,275,441	8,852,976	231,475
Capital Projects	17,205,737	11,772,087	28,977,824	-
Courts	467,865	-	467,865	-
Parks	3,765,957	-	3,765,957	-
Grants	102,481	-	102,481	-
Tourism	1,034,174	-	1,034,174	-
Unrestricted	(25,826,255)	17,734,922	(8,091,333)	4,922,338
Total net position	\$ 293,053,180	\$ 220,356,137	\$ 513,409,317	\$ 15,486,529

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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 23,086,899	\$ 8,389,958	\$ 3,313,742	\$ -	\$ (11,383,199)	\$ -	\$ -
Public safety	44,182,742	3,349,397	327,823	-	(40,505,522)	-	(40,505,522)
Public Works	17,310,005	4,911,459	-	19,568,637	7,170,091	-	7,170,091
Culture and recreation	11,982,897	3,980,001	3,060	-	(7,999,836)	-	(7,999,836)
Interest on long-term debt	7,052,705	-	-	-	(7,052,705)	-	(7,052,705)
Total governmental activities	103,615,248	20,630,815	3,644,625	19,568,637	(59,771,171)	-	(59,771,171)
Business-type activities:							
Water	22,511,641	28,605,359	-	3,885,139	-	9,978,857	9,978,857
Sewer	8,449,987	13,338,839	-	4,480,320	-	9,369,172	9,369,172
Law enforcement center	5,266,351	6,019,549	-	-	-	753,198	753,198
Drainage	1,491,271	2,611,123	-	-	-	1,119,852	1,119,852
Total business-type activities	37,719,250	50,574,870	-	8,365,459	-	21,221,079	21,221,079
Total primary government	141,334,498	\$ 71,205,685	\$ 3,644,625	\$ 27,934,096	\$ (59,771,171)	\$ 21,221,079	\$ (38,550,092)
<b>Component units:</b>							
MEDC	4,030,447	-	-	-	-	-	(4,030,447)
Total component units	4,030,447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,030,447)
General revenues:							
Property taxes					58,969,473	-	58,969,473
Sales taxes					22,552,355	-	22,552,355
Franchise taxes					3,950,172	-	3,950,172
Mixed drink taxes					180,563	-	180,563
Hotel/Motel taxes					545,666	-	545,666
Unrestricted investment earnings					463,289	258,108	721,397
Gas royalty income					95,006	-	95,006
Transfers					(819,063)	819,063	-
Total general revenues					85,937,461	1,077,171	87,014,632
Change in net position					26,166,290	22,298,250	48,464,540
Net position, beginning					266,886,890	198,057,887	464,944,777
Net position ending					\$ 293,053,180	\$ 220,356,137	\$ 513,409,317
							\$ 15,486,529

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, 2020

	General	Debt Service	Street Construction	Building Construction	Mansfield Parks Facility Development Corporation	TIRZ #1	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash, cash equivalents, and investments	\$ 22,363,415	\$ 3,888,921	\$ 23,576,029	\$ 14,279,159	\$ 7,735,550	\$ 4,839,771	\$ 11,550,267	\$ 88,233,112
Receivables (net of allowance for uncollectibles)	5,105,928	177,800	-	-	1,748,083	-	132,458	7,164,269
Due from other funds	-	-	-	-	-	24,581	-	24,581
Total assets	<u>\$ 27,469,343</u>	<u>\$ 4,066,721</u>	<u>\$ 23,576,029</u>	<u>\$ 14,279,159</u>	<u>\$ 9,483,633</u>	<u>\$ 4,864,352</u>	<u>\$ 11,682,725</u>	<u>\$ 95,421,962</u>
<b>LIABILITIES AND FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 1,489,550	\$ -	\$ 638,902	\$ 380,664	\$ 372,114	\$ 685,575	\$ 567,613	\$ 4,134,418
Due to other funds	-	-	-	-	-	-	24,581	24,581
Accrued liabilities	1,432,052	-	169,289	-	1,000,000	-	1,532	2,602,873
Retainage payable	-	-	246,934	137,890	-	-	-	384,824
Unearned revenue	-	-	-	-	1,643,429	-	311,919	1,955,348
Total liabilities	<u>2,921,602</u>	<u>-</u>	<u>1,055,125</u>	<u>518,554</u>	<u>3,015,543</u>	<u>685,575</u>	<u>905,645</u>	<u>9,102,044</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable property taxes	\$ 365,867	\$ 177,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 543,667
Unavailable sales taxes	1,419,747	-	-	-	709,874	-	-	2,129,621
Unavailable ambulance revenue	512,686	-	-	-	-	-	-	512,686
Unavailable court revenue	28,122	-	-	-	-	-	-	28,122
Unavailable grants	34,020	-	-	-	-	-	-	34,020
Total deferred inflows of resources	<u>2,360,442</u>	<u>177,800</u>	<u>-</u>	<u>-</u>	<u>709,874</u>	<u>-</u>	<u>-</u>	<u>3,248,116</u>
<b>Fund balances:</b>								
Restricted	\$ -	\$ 3,888,921	\$ 22,520,904	\$ 13,760,605	3,762,072	\$ 4,178,777	\$ 10,586,990	\$ 58,698,269
Committed	-	-	-	-	1,996,144	-	202,377	2,198,521
Unassigned	22,187,299	-	-	-	-	-	(12,287)	22,175,012
Total fund balances	<u>22,187,299</u>	<u>3,888,921</u>	<u>22,520,904</u>	<u>13,760,605</u>	<u>5,758,216</u>	<u>4,178,777</u>	<u>10,777,080</u>	<u>83,071,802</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,469,343</u>	<u>\$ 4,066,721</u>	<u>\$ 23,576,029</u>	<u>\$ 14,279,159</u>	<u>\$ 9,483,633</u>	<u>\$ 4,864,352</u>	<u>\$ 11,682,725</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.	453,053,593
Lease receivables in the governmental activities are not financial resources and, therefore, are not reported in the funds.	2,916,110
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	3,558,212
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	(249,546,537)
Net position of governmental activities	<u>\$ 293,053,180</u>

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, 2020

	General	Debt Service	Street Construction	Building Construction	Mansfield Parks Facility Development Corporation	TIRZ #1	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Taxes:								
Property	\$ 38,318,201	\$ 17,910,295	\$ -	\$ -	\$ -	\$ 1,947,008	\$ 645,625	\$ 58,821,129
Sales	13,621,422	-	-	-	3,641,451	-	3,159,861	20,422,734
Franchise	3,950,172	-	-	-	-	-	-	3,950,172
Mixed drink	180,563	-	-	-	-	-	-	180,563
Hotel/motel	-	-	-	-	-	-	545,666	545,666
Licenses and permits	2,673,226	-	-	-	90,081	-	-	2,763,307
Intergovernmental	3,349,555	-	-	-	-	-	500,000	3,849,555
Charges for services	7,292,387	-	-	-	1,537,333	-	284,516	9,114,236
Fines	1,329,253	-	-	-	-	-	128,059	1,457,312
Interest earnings	248,646	4,646	118,049	15,842	57,714	12,929	5,463	463,289
Contributions and donations	-	-	-	-	50,738	-	18,816	69,554
Impact fees	-	-	3,260,451	-	1,574,250	-	-	4,834,701
Miscellaneous	1,250,379	-	6,529	-	32,644	-	237,241	1,526,793
Total revenues	72,213,804	17,914,941	3,385,029	15,842	6,984,211	1,959,937	5,525,247	107,999,011
<b>EXPENDITURES</b>								
Current:								
General government	18,791,681	-	-	-	-	-	1,480,491	20,272,172
Public safety	39,344,907	-	-	-	-	-	299,933	39,644,840
Public works	4,238,179	-	-	-	-	-	-	4,238,179
Culture and recreation	4,288,073	-	-	-	4,440,440	-	-	8,728,513
Debt service:								
Principal	-	9,925,000	-	-	-	-	1,815,000	11,740,000
Interest	-	5,771,627	-	-	-	-	1,344,861	7,116,488
Fiscal charges	-	111,756	-	-	-	-	6,322	118,078
Bond issuance cost	-	-	36,909	113,374	-	-	66,767	217,050
Capital outlay:								
Highways and streets	-	-	9,405,739	-	-	-	-	9,405,739
Buildings	-	-	-	3,190,055	-	-	-	3,190,055
Improvements other than buildings	-	-	-	-	1,915,416	-	-	1,915,416
Equipment	254,043	-	-	-	110,355	-	1,249,065	1,613,463
Total expenditures	66,916,883	15,808,383	9,442,648	3,303,429	6,466,211	-	6,262,439	108,199,993
Excess (deficiency) of revenues over (under) expenditures	5,296,921	2,106,558	(6,057,619)	(3,287,587)	518,000	1,959,937	(737,192)	(200,982)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	2,411,696	-	-	-	1,270,798	-	147,880	3,830,374
Transfers out	(2,930,624)	-	-	-	(974,578)	(744,235)	-	(4,649,437)
Sale of city property	-	-	-	-	-	-	2,993	2,993
Refunding bonds issued	-	4,475,000	-	-	-	-	-	4,475,000
Escrow for current refunding	-	(4,613,205)	-	-	-	-	-	(4,613,205)
Bonds issued	-	-	4,122,848	12,664,170	-	-	7,457,982	24,245,000
Premium on bonds issued	-	222,877	233,316	716,679	-	-	422,055	1,594,927
Total other financing sources and uses	(518,928)	84,672	4,356,164	13,380,849	296,220	(744,235)	8,030,910	24,885,652
Net change in fund balances	4,777,993	2,191,230	(1,701,455)	10,093,262	814,220	1,215,702	7,293,718	24,684,670
Fund balances - beginning	17,409,306	1,697,691	24,222,359	3,667,343	4,943,996	2,963,075	3,483,362	58,387,132
Fund balances - ending	\$ 22,187,299	\$ 3,888,921	\$ 22,520,904	\$ 13,760,605	\$ 5,758,216	\$ 4,178,777	\$ 10,777,080	\$ 83,071,802

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, 2020**

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

Net change in fund balances total governmental funds	\$ 24,684,670
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 depreciation exceeded capital outlay in the current period.	(1,306,148)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	19,556,084
Lease revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue in the funds.	775,833
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	2,257,120
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 OPEB contributions, deferred investment losses, deferred assumption changes, deferred actuarial experience, and deferred loss on refunding	(1,585,344)
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 assumption changes, deferred investment gains, deferred actuarial experience, and deferred gain on refunding.	(4,711,889)
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 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.	(13,504,036)
Changes in net position of governmental activities	\$ 26,166,290

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

**City of Mansfield, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2020**

	<b>Business-Type Activities Enterprise Funds</b>			
	<b>Law</b>			
	<b>Water and Sewer</b>	<b>Enforcement Center</b>	<b>Drainage Utility</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 22,516,304	\$ -	\$ 4,697,441	\$ 27,213,745
Accounts receivable (net of allowance for uncollectibles)	4,835,558	3,313	280,206	5,119,077
Inventories	582,729	2,863	-	585,592
Current assets	27,934,591	6,176	4,977,647	32,918,414
Current restricted assets:				
Cash and cash equivalents	15,316,822	155,596	75,651	15,548,069
Total current assets	43,251,413	161,772	5,053,298	48,466,483
Noncurrent assets:				
Capital assets:				
Land	616,163	234,528	1,850,099	2,700,790
Buildings and systems	253,924,896	7,363,784	7,725,501	269,014,181
Improvements other than buildings	138,950	2,688,591	-	2,827,541
Machinery and equipment	4,180,279	1,308,004	409,135	5,897,418
Construction in progress	19,685,797	-	145,980	19,831,777
Less accumulated depreciation	(70,573,301)	(6,001,695)	(1,650,108)	(78,225,104)
Total capital assets (net of accumulated depreciation)	207,972,784	5,593,212	8,480,607	222,046,603
Total noncurrent assets	207,972,784	5,593,212	8,480,607	222,046,603
Total assets	251,224,197	5,754,984	13,533,905	270,513,086
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension contributions	453,664	416,591	47,806	918,061
Deferred OPEB contributions	240,655	167,729	23,151	431,535
Deferred investment losses	43,397	30,055	4,167	77,619
Deferred assumption changes	28,654	26,314	3,020	57,988
Deferred actuarial experience	1,152,914	865,207	113,467	2,131,588
Deferred loss on refunding	2,434,143	-	95,307	2,529,450
Total deferred outflows of resources	4,353,427	1,505,896	286,918	6,146,241
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,454,645	13,069	57,922	1,525,636
Compensated absences	181,621	-	19,010	200,631
Accrued liabilities	132,047	-	13,292	145,339
Current liabilities	1,768,313	13,069	90,224	1,871,606
Current liabilities payable from restricted assets:				
Customer deposits payable	1,627,043	3,362	-	1,630,405
Revenue bonds payable	3,581,961	-	439,689	4,021,650
Certificates of obligation payable	-	52,502	-	52,502
Accrued interest payable	239,312	2,256	-	241,568
Retainage payable	704,809	-	14,565	719,374
Accrued liabilities	-	26,137	-	26,137
Current liabilities payable from restricted assets	6,153,125	84,257	454,254	6,691,636
Total current liabilities	7,921,438	97,326	544,478	8,563,242
Noncurrent liabilities:				
Compensated absences	619,460	-	38,325	657,785
General obligation bonds payable (net of unamortized discounts)	-	390,218	-	390,218
Revenue bonds payable (net of deferred amount on refunding)	30,926,123	-	1,880,111	32,806,234
Total OPEB liability - SDBF	118,618	108,925	12,500	240,043
Net OPEB liability	4,675,403	3,237,919	448,915	8,362,237
Net pension liability	1,977,194	1,815,617	208,350	4,001,161
Total noncurrent liabilities	38,316,798	5,552,679	2,588,201	46,457,678
	46,238,236	5,650,005	3,132,679	55,020,920
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred assumption changes	108,402	79,972	10,611	198,985
Deferred investment gains	473,309	434,630	49,875	957,814
Deferred actuarial experience	61,055	46,011	6,017	113,083
Deferred gain on refunding	-	12,388	-	12,388
Total deferred inflows of resources	642,766	573,001	66,503	1,282,270
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	175,194,034	5,138,104	6,241,549	186,573,687
Restricted for debt service	4,203,581	20,446	51,414	4,275,441
Restricted for capital projects	11,639,193	132,894	-	11,772,087
Unrestricted	17,659,814	(4,253,570)	4,328,678	17,734,922
Total net position	\$ 208,696,622	\$ 1,037,874	\$ 10,621,641	\$ 220,356,137

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, 2020**

	<b>Business-type Activities Enterprise Funds</b>			
	<b>Water and Sewer</b>	<b>Law Enforcement Center</b>	<b>Drainage Utility</b>	<b>Total</b>
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 22,091,764	\$ -	\$ -	\$ 22,091,764
Sewer charges	13,338,839	-	-	13,338,839
Drainage fees	-	-	2,584,618	2,584,618
Housing services	-	5,612,838	-	5,612,838
Other services	6,513,595	406,711	26,505	6,946,811
Total operating revenues	41,944,198	6,019,549	2,611,123	50,574,870
Operating expenses:				
Costs of sales and services	19,565,236	4,569,593	187,600	24,322,429
Administration	5,386,645	446,217	1,002,721	6,835,583
Depreciation	5,072,086	237,425	180,251	5,489,762
Total operating expenses	30,023,967	5,253,235	1,370,572	36,647,774
Operating income (loss)	11,920,231	766,314	1,240,551	13,927,096
Nonoperating revenues (expenses):				
Interest earnings	249,422	-	8,686	258,108
Interest expense	(937,661)	(13,116)	(120,699)	(1,071,476)
Total nonoperating revenue (expenses)	(688,239)	(13,116)	(112,013)	(813,368)
Income (loss) before contributions and transfers	11,231,992	753,198	1,128,538	13,113,728
Capital contributions	8,365,459	-	-	8,365,459
Transfers in (out)	(1,667,461)	2,486,524	-	819,063
Change in net position	17,929,990	3,239,722	1,128,538	22,298,250
Total net position - beginning	190,766,632	(2,201,848)	9,493,103	198,057,887
Total net position- ending	\$ 208,696,622	\$ 1,037,874	\$ 10,621,641	\$ 220,356,137

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, 2020**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water and Sewer Fund</b>	<b>Law Enforcement Center</b>	<b>Drainage Utility Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customer and users	\$ 43,467,393	\$ 6,583,444	\$ 2,692,984	\$ 52,743,821
Payments to suppliers	(15,895,357)	193,818	(421,541)	(16,123,080)
Payments to employees	(7,439,733)	(9,369,997)	(640,944)	(17,450,674)
Net cash provided by (used in) operating activities	20,132,303	(2,592,735)	1,630,499	19,170,067
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer to/from other funds	(1,667,461)	2,486,524	-	819,063
Net cash provided by (used in) capital and related financing activities	(1,667,461)	2,486,524	-	819,063
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(16,184,198)	-	(147,115)	(16,331,313)
Principal paid on capital debt	(3,180,000)	(45,000)	(430,000)	(3,655,000)
Interest paid on capital debt	(1,561,217)	(14,687)	(99,374)	(1,675,278)
Net cash used in capital and related financing activities	(20,925,415)	(59,687)	(676,489)	(21,661,591)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends received	249,422	-	8,686	258,108
Net cash provided by investing activities	249,422	-	8,686	258,108
Net increase (decrease) in cash and cash equivalents	(2,211,151)	(165,898)	962,696	(1,414,353)
Cash and cash equivalents, October 1	40,044,277	321,494	3,810,396	44,176,167
Cash and cash equivalents, September 30 (including \$15,316,822; \$155,596; and \$75,651 for the Water and Sewer fund, Law Enforcement Center fund, and Drainage Utility fund, respectively, reported in restricted accounts)	\$ 37,833,126	\$ 155,596	\$ 4,773,092	\$ 42,761,814
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 11,920,231	\$ 766,314	\$ 1,240,551	\$ 13,927,096
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	5,072,086	237,425	180,251	5,489,762
Decrease in accounts receivable	1,451,824	563,895	81,861	2,097,580
Decrease in inventories	474,573	23,282	-	497,855
Decrease (increase) in deferred outflows of resources	156,742	739,405	11,980	908,127
(Increase) in net pension obligation	(951,822)	(1,748,047)	(23,279)	(2,723,148)
(Increase) decrease in OPEB obligation	389,307	(1,880,272)	50,589	(1,440,376)
Decrease in deferred inflows of resources	531,337	374,360	58,575	964,272
(Increase) decrease in accounts payable	1,088,025	(1,669,097)	29,971	(551,101)
Total adjustments	8,212,072	(3,359,049)	389,948	5,242,971
Net cash provided by (used in) operating activities	\$ 20,132,303	\$ (2,592,735)	\$ 1,630,499	\$ 19,170,067
<b>Noncash capital activities:</b>				
Contributions of capital assets from developers	\$ 8,365,459	\$ -	\$ -	\$ 8,365,459
Capital asset acquisitions included in accounts payable	1,144,445	-	-	1,144,445

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

**City of Mansfield, Texas**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**September 30, 2020**

	<b>Retiree Health</b>		
	<b>Insurance OPEB Trust</b>	<b>Agency</b>	<b>Total</b>
<b>ASSET</b>			
Cash and cash equivalents	\$ 897,681	\$ 8,104,060	\$ 9,001,741
Investments:			
Mutual funds - Equity	8,464,864	-	8,464,864
Mutual funds - Fixed income	8,297,829	-	8,297,829
Accrued income	40	-	40
Total assets	<u>\$ 17,660,414</u>	<u>\$ 8,104,060</u>	<u>\$ 25,764,474</u>
<b>LIABILITIES</b>			
Insurance payable	\$ -	\$ 8,104,060	\$ 8,104,060
Total liabilities	<u>\$ -</u>	<u>\$ 8,104,060</u>	<u>\$ 8,104,060</u>
<b>NET POSITION</b>			
Restricted for:			
Other Post Employment Benefits	17,660,414	-	17,660,414
	<u>\$ 17,660,414</u>	<u>\$ -</u>	<u>\$ 17,660,414</u>

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

City of Mansfield, Texas  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended September 30, 2020

	<u>Retiree Health Insurance OPEB Trust</u>
<b>ADDITIONS</b>	
Investment earnings:	
Contributions	\$ 2,410,000
Interest	182
Dividends	172,573
Net increase in fair value of investments	591,405
Increase (decrease) in net accrued income	(72)
Total investment earnings	<u>3,174,088</u>
Net investment earnings	<u>3,174,088</u>
 Total additions	 <u>3,174,088</u>
 <b>DEDUCTIONS</b>	
Benefit payments	2,410,000
Administrative expenses	80,301
Total deductions	<u>2,490,301</u>
 Net increase in fiduciary net position	 <u>683,787</u>
 Net position, beginning of year, as previously reported	 -
Adjustment for correction of error (footnote I.)	16,976,627
Net position, beginning of year, as restated	<u>16,976,627</u>
Net position - ending	<u>\$ 17,660,414</u>

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



**CITY OF MANSFIELD, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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 are 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, franchise tax, and investment earnings to be available if they are collected within 30 days of the end of the current fiscal period. 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 \$8,365,459 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 \$19,568,637.

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 statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. 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 Mansfield Parks Facility Development Corporation Fund is used to account for the half-cent sales tax, approved by the voters, for parks land acquisition.

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. Its activities are expected to be discontinued in the next fiscal year.

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.

The other postemployment benefit trust fund is used to report assets held for beneficiaries to fund future postemployment benefits other than pensions. The City utilizes a trust to hold required contributions for other postemployment benefits. Plan trustee must act in accordance with the specific purpose and terms of the OPEB plan. For years prior to 2019, the City incorrectly did not report the trust fund. Correcting the fund type resulted in a restatement of beginning fiduciary net position as of October 1, 2019 of \$17,402,659 to report the fund as a trust fund. The accompanying statement of fiduciary net position and statement of changes in fiduciary net position are presented as of and for the year ended June 30, 2020, the Plan's year-end in accordance with GASB Statement No. 74.

**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 2020, 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

## **5. Deferred 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 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 experience 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 or new debt, whichever is shorter.

## **6. Pensions:**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the respective retirement plan and additions to/deductions from the respective Fiduciary Net Position have been determined on the same basis as they are reported by the respective pension plan. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability that pertains to the governmental activities will be liquidated mainly by the General Fund with the rest being liquidated by the MPFDC.

## **7. Other Postemployment Benefits (OPEB):**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Retiree Health Insurance OPEB Trust and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. The other post-employment benefit liabilities that pertain to the governmental activities will be liquidated mainly by the General Fund with the rest being liquidated by the MPFDC.

## **8. Deferred Inflows:**

Deferred inflows of resources are used to report acquisitions of net assets by the City that are applicable to future reporting periods. The City has four items that qualify for this category. 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 investment gains 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 experience 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 gain 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 or new debt, whichever is shorter. 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.

## **9. 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, 2020, the liability for accrued vacation was \$9,984,825. The amount applicable to the Proprietary Funds of \$858,416 and the MEDC of \$91,442 have been recorded in these funds, and the amount applicable to other funds of \$9,034,967 has been recorded in the government-wide financial statements.



## 10. 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, 2020, the City allocated \$147,980 to the Water and Sewer Fund for these services.

## 11. Property Tax:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent on February 1 of the following year. The City contracts with Tarrant County to bill and collect its property taxes. Property tax revenues are recognized when they are both measurable and available. Revenues are considered both measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

## 12. Sales Tax:

The City levies a 2% local sales tax in addition to the statewide sales tax rate of 6.25%. Sales tax revenues are recognized when they are both measurable and available. Revenues are considered both measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

## 13. 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.

As a home rule city, the City of Mansfield is not limited by the law in the amount of debt it may issue. The City is permitted by Article XI, Section 5 of the *State of Texas Constitution* to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The Attorney General of the State of Texas has further defined the debt limit to be \$1.50 per \$100 of assessed valuation.

#### **14. 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.

#### **15. 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

#### **16. 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	Mansfield Parks Facility Development Corporation	TIRZ #1	Other Governmental Funds	Total Governmental Funds
Fund balances:								
Restricted:								
Debt service reserve	-	3,888,921	-	-	-	-	-	3,888,921
Parks debt service reserve	-	-	-	-	-	-	510,814	510,814
Street construction/improvements	-	-	22,520,904	-	-	-	250,000	22,770,904
Municipal building improvements	-	-	-	13,760,605	-	-	-	13,760,605
Parks and recreation	-	-	-	-	3,762,072	-	2,300,000	6,062,072
Parks capital improvements	-	-	-	-	-	-	66,306	66,306
Other capital projects	-	-	-	-	-	4,178,777	393,382	4,572,159
Equipment /other purposes	-	-	-	-	-	-	5,461,968	5,461,968
COPS Grant	-	-	-	-	-	-	102,481	102,481
Court security and technology	-	-	-	-	-	-	392,814	392,814
Court seizure fund	-	-	-	-	-	-	75,051	75,051
Tourism promotion	-	-	-	-	-	-	1,034,174	1,034,174
Committed:								
Tree mitigation	-	-	-	-	-	-	27,711	27,711
Parks and recreation	-	-	-	-	1,996,144	-	-	1,996,144
Library	-	-	-	-	-	-	105,116	105,116
Animal control	-	-	-	-	-	-	69,550	69,550
Unassigned:	22,187,299	-	-	-	-	-	(12,287)	22,175,012
Total fund balances	22,187,299	3,888,921	22,520,904	13,760,605	5,758,216	4,178,777	10,777,080	83,071,802

The deficit fund balance in Southpointe PID, included in other governmental funds, will be satisfied with future Southpointe PID fund revenues or a subsidy from the General Fund.

## 17. 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 \$249,546,537 difference are as follows:

Bonds payable	185,745,000
Premium on issuance of bonds	10,352,534

Discounts on issuance of bonds	(699,025)
Deferred loss on refunding	(2,357,349)
Deferred gain on refunding	9,068
Accrued interest payable	959,611
Compensated absences	9,034,967
Deferred pension contributions	(3,925,424)
Deferred OPEB contributions	(2,015,324)
Deferred investment gains, net	3,732,207
Deferred assumption changes	(247,949)
Net pension liability	17,108,045
Net OPEB liability	39,127,246
Total OPEB liability – SDBF	1,026,365
Deferred actuarial experience	(9,216,781)
Deferred assumption changes, net	913,346
Net adjustment to reduce fund balance – total governmental funds to arrive at net position– governmental activities	<u>\$249,546,537</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 (\$1,306,148) difference are as follows:

Capital outlay	\$16,124,673
Depreciation expense	<u>(17,430,821)</u>

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>(\$ 1,306,148)</u>
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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 \$19,556,084 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>\$ 19,556,084</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 \$775,833 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.	<u>\$775,833</u>
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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 \$119,416 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. \$2,257,120

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 (\$1,585,344) difference are as follows:

Changes in deferred pension contributions	\$ 635,520
Changes in deferred OPEB contributions	1,983,349
Changes in deferred investment losses	(5,922,677)
Changes in deferred actuarial expense	1,798,090
Changes in deferred assumption changes	199,857
Changes in deferred loss/(gain) on refunding	<u>(279,483)</u>

Net adjustment to decrease net changes in fund balances – total  
governmental funds to arrive at changes in net position of governmental  
activities \$ (1,585,344)

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 (\$4,711,889) difference are as follows:

Changes in deferred investment gains	(\$4,095,397)
Changes in actuarial experience	(515,637)
Changes in deferred assumption changes	<u>(100,855)</u>

Net adjustment to decrease net changes in fund balances – total  
governmental funds to arrive at changes in net position of governmental  
activities \$ (4,711,889)

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 \$(13,504,036) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$(28,720,000)
Premium on issuance of bonds	(1,594,927)
Change in accrued interest payable	(23,394)
Amortization of premiums/discounts	701,788
Change in compensated absences	(1,504,267)
Principal payments or payments to escrow agent	11,740,000
Refunded Debt	4,613,205
Change in net pension liability	8,533,013
Change in net OPEB liability	(7,140,412)
Change in total OPEB liability - SDBF	<u>(109,042)</u>

Net adjustment to decrease net changes in fund balances – total

governmental funds to arrive at changes in net position of governmental activities

\$ (13,504,036)

### III. Detailed Notes on All Funds

#### A. Deposits and Investments

As of September 30, 2020, the primary government had cash and cash equivalents of \$139,098,986 (including \$8,104,060 in the Agency fund) including 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 – TexSTAR Investment Pool	41,653,275	0.08
Investment Type - Money Market Mutual Funds	<u>23,889,390</u>	<u>0.08</u>
Total Fair Value and Weighted Average Maturity	<u>\$65,542,665</u>	<u>0.08</u>

As of September 30, 2020, the Mansfield Economic Development Corporation had cash and cash equivalents of \$5,189,484 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 – TexSTAR Investment Pool	2,751,887	0.08
Investment Type - Money Market Mutual Funds	<u>1,751,957</u>	<u>0.08</u>
Total Fair Value and Weighted Average Maturity	<u>\$4,503,844</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, 2020, 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. Of the primary government, agency fund and the component unit’s categorizable bank deposits, none were uninsured and uncollateralized as of September 30, 2020.



### 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, 2020, the City's investments are held in Bank of America Merrill Lynch Money Market Mutual Fund; and TexSTAR Participant Services. These investments are 35.94%; and 63.39% 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.

### External Investment Pool –

TexSTAR's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the fund or who do not have a business relationship with the fund and are qualified to advise. The investment objective and strategies of the pool is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The pool offers same day access to investment funds.

JPMorgan Investment Management (JPMIM) and Hilltop Securities, Inc. (HSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. JPMIM serves as an investment advisor to TexSTAR, while HSAM provides administrative participant support and marketing services. TexSTAR is not registered with the Securities and Exchange Commission (SEC) as an investment company but is an investment pool that has been organized in conformity with Chapters 791, Interlocal Cooperation Act, and 2256, Public Funds Investment Act, of the Texas Government Code.

Investments with TexSTAR are carried at net asset value.

### Interest Rate Risk –

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the investment portfolio as follows:

<u>Investment Type</u>	<u>Not to Exceed</u>
Obligations of the United States	100%
Obligations of the State of Texas	100%
Certificates of Deposit	100%
Investment Pools	100%
Mutual Funds	100%

As a means of limiting its exposure fair value losses arising from rising interest rates, the following guidelines reflect the Retiree Health Insurance OPEB Trust's asset allocation goals:

Portfolio Segment	Range of Portfolio Assets
Equity	40-60%
Fixed income	40-60%
Cash	0-20%

In accordance with GASB Statement No. 72 *Fair Value Measurement and Application*, investments are recorded at fair value. In accordance with GASB Statement No. 72, the Retiree Health Insurance OPEB Trust categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Mutual funds are categorized as Level 1.

The Retiree Health Insurance OPEB Trust fund cash and investments (mutual funds are reported at fair value) are summarized below:

**Cash and Cash Equivalents**

Cash	\$ 897,681
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**Investments**

Mutual funds	16,762,693
Total cash and cash equivalents and investments	<u>\$ 17,660,374</u>

The City, including the proprietary funds and the component unit, do not have any debt security investments, other than in the Retiree Health Insurance OPEB Trust, which are exposed to interest rate risk.

**Foreign Currency Risk –**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City does not have any investments in foreign obligations.

**B. Receivables**

Receivables at September 30, 2020 consisted of the following:

	Governmental Funds			
	General	Debt Service	Non-major	Total
Receivables:				
Property Taxes	\$ 966,723	\$ 545,761	\$ -	\$1,512,484
Accounts	11,252,428	-	1,880,541	13,132,969
Gross Receivables	12,219,151	545,761	1,880,541	14,645,453
Less: Allowance for				
Uncollectible	(7,113,223)	(367,961)	-	(7,481,184)
Net Total Receivables	<u>\$ 5,105,928</u>	<u>\$ 177,800</u>	<u>\$ 1,880,541</u>	<u>\$ 7,164,269</u>



Proprietary Funds				
	Water & Sewer	Law Enforcement	Drainage Utility	Total
Receivables:				
Accounts	\$5,994,328	\$3,313	\$ 365,195	\$6,362,836
Other	148,565	-	-	148,565
Gross Receivables	6,142,893	3,313	365,195	6,511,401
Less: Allowance for Uncollectible	(1,307,335)	-	(84,989)	(1,392,324)
Net Total Receivables	<u>\$4,835,558</u>	<u>\$3,313</u>	<u>\$280,206</u>	<u>\$5,119,077</u>

The MEDC has a receivable in the amount of \$1,255,886 as of September 30, 2020.

### C. Capital Assets

Capital asset activity for the year ended September 30, 2020 is as follows:

Governmental activities:	Sept 30, 2019	Increases	Decreases	Sept 30, 2020
Capital assets, not being depreciated:				
Land	\$ 107,685,098	\$ -	\$ -	\$ 107,685,098
Construction in progress	12,822,171	14,759,027	(8,149,744)	19,431,454
Total capital assets, not being depreciated	120,507,269	14,759,027	(8,149,744)	127,116,552
Capital assets, being depreciated:				
Buildings	108,033,220	-	-	108,033,220
Other improvements	28,502,601	887,443	-	29,390,044
Machinery and equipment	28,643,169	1,365,646	(369,758)	29,639,057
Infrastructure	407,039,854	26,830,938	-	433,870,792
Total capital assets, being depreciated	572,218,844	29,084,027	(369,758)	600,933,113
Less accumulated depreciation for:				
Buildings	(15,457,296)	(1,636,233)	-	(17,093,529)
Other improvements	(18,111,301)	(2,069,079)	-	(20,180,380)
Machinery and equipment	(18,721,092)	(1,129,225)	357,205	(19,493,112)
Infrastructure	(205,632,767)	(12,596,284)	-	(218,229,051)
Total accumulated depreciation	(257,922,456)	(17,430,821)	357,205	(274,996,072)
Total capital assets being depreciated, net	314,296,388	11,653,206	(12,553)	325,937,041
Governmental activities capital assets, net	<u>\$ 434,803,657</u>	<u>\$ 26,412,233</u>	<u>\$ (8,162,297)</u>	<u>\$ 453,053,593</u>

Business-type activities:	Sept 30, 2019	Increases	Decreases	Sept 30, 2020
Capital assets, not being depreciated:				
Land	\$ 2,271,603	\$ 429,187	\$ -	\$ 2,700,790
Construction in progress	4,727,274	15,135,295	(30,792)	19,831,777
Total capital assets, not being depreciated	6,998,877	15,564,482	(30,792)	22,532,567
Capital assets, being depreciated:				
Buildings and systems	195,819,031	517,689	-	196,336,720
Improvements other than buildings	2,827,541	-	-	2,827,541
Machinery and equipment	5,738,541	279,935	(121,058)	5,897,418
Infrastructure	64,312,002	8,365,459	-	72,677,461
Total capital assets, being depreciated	268,697,115	9,163,083	(121,058)	277,739,140
Less accumulated depreciation for:				
Buildings and systems	(48,874,070)	(3,760,636)	-	(52,634,706)
Improvements other than buildings	(459,316)	(46,114)	-	(505,430)
Machinery and equipment	(4,069,170)	(402,196)	121,058	(4,350,308)
Infrastructure	(19,453,844)	(1,280,816)	-	(20,734,660)
Total accumulated depreciation	(72,856,400)	(5,489,762)	121,058	(78,225,104)
Total capital assets being depreciated, net	195,840,715	3,673,321	-	199,514,036
Business-type activities capital assets, net	\$ 202,839,592	\$ 19,237,803	\$ (30,792)	\$222,046,603

#### D. Capital assets continued

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

Governmental Activities:	
General Government	\$ 1,254,134
Public Safety	970,087
Public Works	12,710,171
Culture and Recreation	2,496,429
Total Depreciation Expense – Governmental Activities	\$17,430,821

Business-Type Activities:	
Water and Sewer	\$ 5,072,086
Law Enforcement Center	237,425
Drainage Utility Fund	180,251
Total Depreciation Expense – Business-Type Activities	\$ 5,489,762

#### Construction Commitments

The general government had outstanding commitments at September 30, 2020, under authorized construction contracts of approximately \$4,230,982. 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 no outstanding commitments at September 30, 2020.



The Water and Sewer Fund had outstanding commitments at September 30, 2020, under authorized construction contracts of approximately \$11,410,928. 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, 2020.

#### Discretely Presented Component Unit

Activity for the MEDC for the year ended September 30, 2020 was as follows:

Mansfield Economic Development Corporation:				
	Sept 30, 2019	Increases	Decreases	Sept 30, 2020
Capital assets, not being depreciated:				
Land	\$ 10,272,190	\$ -	\$ -	\$ 10,272,190
Construction in progress	17,573,278	1,856,132	-	19,429,410
Total capital assets, not being depreciated	27,845,468	1,856,132	-	29,701,600
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	(76,272)	(3,061)	-	(79,333)
Machinery and equipment	(72,312)	-	-	(72,312)
Total accumulated depreciation	(148,584)	(3,061)	-	(151,645)
Total capital assets being depreciated, net	90,976	(3,061)	-	87,915
MEDC capital assets, net	\$ 27,936,444	\$ 1,853,071	\$ -	\$ 29,789,515

The MEDC had no outstanding commitments at September 30, 2020.

#### E. Due to/Due from

The composition of the due to/due from balances as of September 30, 2020 is as follows:

Fund	Due to	Due from
Southpointe PID	\$24,581	\$ -
TIRZ #1	-	24,581
TOTAL	\$24,581	\$24,581

## F. Interfund Transfers

The composition of interfund balances as of September 30, 2020 is as follows:

Fund	Transfers In	Transfers Out
General Fund	\$2,411,696	\$2,930,624
Building Construction	-	-
MPFDC	1,270,798	974,578
Parks Construction	147,880	-
Equipment Replacement	-	-
Law Enforcement Center	2,486,524	-
TIRZ #1	-	744,235
Water and Sewer Fund	-	1,667,461
<b>TOTAL</b>	<b>\$6,316,898</b>	<b>\$6,316,898</b>

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 and the non-major funds is for the purpose of purchase, construction, and improvements of capital assets for government-wide purposes. The interfund activity to the LEC is for the purpose of running a city jail facility. 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 2020, the City issued \$24,245,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2020. The bonds of \$24,245,000 plus premiums of \$1,372,050 and less issuance costs of \$216,550 will be used for the design, development, and construction of public infrastructure and land acquisition.

In 2020, the City issued \$4,475,000 in General Obligation Refunding, Series 2020 for the purpose of refunding 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 a net present value of cash savings of \$378,603.

In 2020, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$151,541 and resulted in an economic gain of \$420,699. This deferred amount on refunding is being 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 \$9,068 at September 30, 2020.

The total amount of deferred loss on refunding for the governmental bonds was \$2,357,349 at September 30, 2020.

General obligation debt outstanding at September 30, 2020 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2012 GO Refunding	2.00% to 3.13%	2025	5,855,000	4,310,000
2012 CO	2.00% to 4.00%	2032	3,415,000	2,315,000
2012A CO	3.49% to 4.65%	2032	3,075,000	2,135,000
2013 CO	2.00% to 4.00%	2033	5,335,000	3,820,000
2013 GO Refunding	2.00% to 4.00%	2025	4,200,000	2,315,000
2013A GO Refunding	2.00% to 3.00%	2023	2,880,000	995,000
2014 CO	2.50% to 4.38%	2034	16,500,000	13,180,000
2014A CO	2.00% to 4.13%	2034	1,255,000	1,000,000
2015 CO	2.00% to 5.00%	2035	15,870,000	12,830,000
2015 GO Refunding	4.00% to 5.00%	2027	11,700,000	5,985,000
2016 GO Refunding	1.35% to 3.71%	2028	3,770,000	2,795,000
2016 CO	2.00% to 5.00%	2036	13,705,000	11,820,000
2016 GO Refunding	2.00% to 5.00%	2036	14,885,000	12,240,000
2016A CO	1.25% to 3.90%	2041	2,960,000	2,690,000
2017 CO	3.00% to 5.00%	2037	18,975,000	17,075,000
2018 CO	3.00% to 4.00%	2038	15,960,000	14,790,000
2019 CO	3.00% to 4.00%	2039	13,750,000	13,285,000
2020 CO	2.00% to 4.00%	2040	24,245,000	24,245,000
2020 GO Refunding	2.00% to 4.00%	2031	4,475,000	4,475,000
<b>TOTAL</b>				<b>\$152,300,000</b>

Annual debt service requirements to maturity for general obligation debt, including interest of \$47,433,368, are as follows:

Fiscal Year	Principal	Interest	Total
2021	10,660,000	5,758,778	16,418,778
2022	10,410,000	5,370,380	15,780,380
2023	10,030,000	4,969,931	14,999,931
2024	10,435,000	4,567,455	15,002,455
2025	9,975,000	4,148,720	14,123,720
2026-2030	43,595,000	14,872,682	58,467,682
2031-2035	38,110,000	6,564,976	44,674,976
2032-2040	18,905,000	1,176,936	20,081,936
2041	180,000	3,510	183,510
<b>TOTAL</b>	<b>\$152,300,000</b>	<b>\$47,433,368</b>	<b>\$199,733,368</b>

#### 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.

As of September 30, 2020 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, 2020 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	1,320,000
2016	2.00% to 4.00%	2035	6,775,000	5,095,000
2016	1.05% to 4.83%	2040	14,930,000	13,630,000
2016A	1.50% to 2.95%	2041	8,295,000	7,560,000
2018	3.00% to 4.00%	2043	2,325,000	2,190,000
2018	2.54% to 4.35%	2043	3,785,000	3,650,000
TOTAL				<u>\$33,445,000</u>

Debt service requirements to maturity for Special Sales Tax Revenue Bonds, including interest of \$14,811,747, are as follows:

Fiscal Year	Principal	Interest	Total
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	1,735,000	1,065,917	2,800,917
2026-2030	7,455,000	4,438,284	11,893,284
2031-2035	7,555,000	3,025,471	10,580,471
2036-2040	7,730,000	1,325,876	9,055,876
2041-2045	1,210,000	83,056	1,293,056
TOTAL	<u>\$33,445,000</u>	<u>\$14,811,747</u>	<u>\$48,256,747</u>

#### Changes in long-term liabilities

Long-term debt activity for the year ended September 30, 2020 was as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 138,115,000	\$ 28,720,000	\$ (14,535,000)	\$ 152,300,000	\$ 10,660,000
Sales Tax Revenue Bonds	35,260,000	-	(1,815,000)	33,445,000	1,855,000
Deferred Amounts:					
Premiums	9,678,865	1,594,927	(921,258)	10,352,534	802,545
Discounts	(901,954)	-	202,929	(699,025)	(57,399)
Total bonds payable	182,151,911	30,314,927	(17,068,329)	195,398,509	13,260,146
Compensated absences	7,530,700	3,405,744	(1,901,477)	9,034,967	2,197,156
Total	<u>\$ 189,682,611</u>	<u>\$ 33,720,671</u>	<u>\$ (18,969,806)</u>	<u>\$ 204,433,476</u>	<u>\$ 15,457,302</u>
Net Pension Liability	\$ 25,641,058	\$ -	\$ (8,533,013)	\$ 17,108,045	
Net OPEB Liability	31,986,834	9,294,303	(2,153,891)	39,127,246	
Total OPEB Liability - SDBF	917,323	162,880	(53,838)	1,026,365	
Total pension & OPEB liabilities	<u>\$ 58,545,215</u>	<u>\$ 9,457,183</u>	<u>\$ (10,740,742)</u>	<u>\$ 57,261,656</u>	



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

The total amount of deferred loss on refunding for the water and sewer revenue bonds was \$2,434,143 at September 30, 2020.

Water and sewer fund debt outstanding at September 30, 2020 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	\$1,525,000
2011	2.00% to 5.00%	2030	13,995,000	6,285,000
2012	2.00% to 3.00%	2023	2,320,000	675,000
2015	2.00% to 5.00%	2027	9,540,000	3,250,000
2016	2.00% to 5.00%	2035	24,510,000	19,345,000
TOTAL				<u>\$31,080,000</u>

Debt service requirements to maturity for water and sewer fund debt, including interest of \$8,167,085, are as follows:

Fiscal Year	Principal	Interest	Total
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	2,875,000	864,181	3,739,181
2026-2030	13,335,000	2,173,019	15,508,019
2031-2035	2,095,000	258,400	2,353,400
TOTAL	<u>\$31,080,000</u>	<u>\$8,167,085</u>	<u>\$39,247,085</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

Law Enforcement Center Fund debt outstanding at September 30, 2020 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	445,000
TOTAL				<u>\$445,000</u>

Debt service requirements to maturity for Law Enforcement Center debt, including interest of \$63,484, are as follows:

Fiscal Year	Principal	Interest	Total
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	55,000	7,524	62,524
2026-2028	185,000	10,306	195,306
TOTAL	<u>\$445,000</u>	<u>\$63,484</u>	<u>\$508,484</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.

The total amount of deferred loss on refunding for the Drainage Utility bonds was \$95,307 at September 30, 2020.

Drainage Utility Fund debt outstanding at September 30, 2020 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	\$975,000
2012	2.00% to 3.13%	2024	3,740,000	1,340,000
TOTAL				<u>\$2,315,000</u>

Debt service requirements to maturity for Drainage Utility debt, including interest of \$274,003, are as follows:

Fiscal Year	Principal	Interest	Total
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	145,000	19,350	164,350
2026-2027	305,000	19,780	324,780
TOTAL	<u>\$2,315,000</u>	<u>\$274,003</u>	<u>\$2,589,003</u>

Changes in business-type activity debt



A summary of business-type activity debt transactions, including activity for the year ended September 30, 2020, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Water/Sewer Revenue Bonds	\$ 34,260,000	\$ -	\$ (3,180,000)	\$ 31,080,000	\$ 3,300,000
LEC Certificates of Obligation	490,000	-	(45,000)	445,000	50,000
Drainage Utility Revenue Bonds	2,745,000	-	(430,000)	2,315,000	440,000
Deferred Amounts:					
Premiums	3,931,177	-	(304,965)	3,626,214	304,964
Discounts	(216,422)	-	20,812	(195,610)	(20,812)
Total bonds payable	41,209,755	-	(3,939,153)	37,270,604	4,074,152
Compensated absences	2,224,826	858,416	(2,224,826)	858,416	200,631
Total	\$ 43,434,581	\$ 858,416	\$ (6,163,979)	\$ 38,129,020	\$ 4,274,783
Net Pension Liability	\$ 6,724,309	\$ -	\$ (2,723,148)	\$ 4,001,161	
Net OPEB Liability	9,789,741	709,007	(2,136,511)	8,362,237	
Total OPEB Liability - SDBF	252,913	115,873	(128,743)	240,043	
Total pension & OPEB liabilities	\$ 16,766,963	\$ 824,880	\$ (4,988,402)	\$ 12,603,441	

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

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

#### Discretely Presented Component Unit

#### Mansfield Economic Development Corporation

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

The total amount of deferred loss on refunding for the MEDC bonds was \$92,602 at September 30, 2020.

MEDC debt outstanding at September 30, 2020 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	\$2,050,000
2015A	0.50% to 3.55%	2024	5,630,000	2,385,000
2015	2.00% to 4.00%	2024	2,880,000	1,235,000
2016	2.00% to 4.00%	2036	14,125,000	11,915,000
2018	2.52% to 4.29%	2038	6,200,000	5,845,000
TOTAL				<u>\$23,430,000</u>

Debt service requirements to maturity for MEDC debt, including interest of \$7,383,466, are as follows:

Fiscal Year	Principal	Interest	Total
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	1,070,000	606,730	1,676,730
2026-2030	5,995,000	2,389,225	8,384,225
2031-2035	6,590,000	1,137,709	7,727,709
2036-2039	2,245,000	141,585	2,386,585
<b>TOTAL</b>	<b>\$23,430,000</b>	<b>\$7,383,466</b>	<b>\$30,813,466</b>

#### Changes in MEDC Debt

A summary of MEDC debt transactions, including activity for the year ended September 30, 2020, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
MEDC Revenue Bonds	\$ 25,170,000	\$ -	\$ (1,740,000)	\$ 23,430,000	\$ 1,795,000
Deferred Amounts:					
Premiums	1,097,409	-	(66,653)	1,030,756	66,653
Discounts	(165,473)	-	13,394	(152,079)	(13,394)
Total bonds payable	26,101,936	-	(1,793,259)	24,308,677	1,848,259
Compensated absences	74,073	91,442	(74,073)	91,442	5,982
<b>Total Noncurrent Liabilities</b>	<b>\$ 26,176,009</b>	<b>\$ 91,442</b>	<b>\$ (1,867,332)</b>	<b>\$ 24,400,119</b>	<b>\$ 1,854,241</b>
Net Pension Liability	\$ 235,863	\$ -	\$ (84,916)	\$ 150,947	
Net OPEB Liability	239,492	42,669	(14,722)	267,439	
Total OPEB Liability - SDBF	8,842	42,319	(42,105)	9,056	
Total pension & OPEB liabilities	\$ 484,197	\$ 84,988	\$ (141,743)	\$ 427,442	

#### I. Restricted Assets

The restricted assets of the Business-type Activities as of September 30, 2020 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	\$3,942,193	\$11,374,629	\$ -	\$15,316,822
Law Enforcement Complex	22,702	10,482	122,412	155,596
Drainage Utility	75,651	-	-	75,651
<b>TOTAL</b>	<b>\$4,040,546</b>	<b>\$11,385,111</b>	<b>\$122,412</b>	<b>\$15,548,069</b>



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, 2020, 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 888 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.tmr.com](http://www.tmr.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 2018	Plan Year 2019
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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	206
Inactive employees entitled to but not yet receiving benefits	184
Active employees	<u>509</u>
Total	899

Contributions:

The contribution rates for employees in TMRS is 7% of employee gross earnings, and the city matching percentage is 15.39%, 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 14.95% and 15.39% in calendar years 2019 and 2020 respectively. The City's contributions to TMRS as of September 30, 2020 were \$6,393,535 and were equal to the required contributions.

Net Pension Liability:

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

Actuarial Assumptions:

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

Inflation	2.5% per year
Overall payroll growth	2.75% 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 are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4 year set forward for males and a 3 year set forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption of Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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 2020 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Globa Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

#### 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 12/31/2018	\$ 175,739,830	\$ 143,138,600	\$ 32,601,230
Changes for the year:			
Service Cost	6,740,954	-	6,740,954
Interest	11,894,334	-	11,894,334
Change in benefit terms	-	-	-
Difference between expected and actual experience	250,026	-	250,026
Changes of assumptions	78,667	-	78,667
Contributions - employer	-	5,636,312	(5,636,312)
Contributions - employee	-	2,639,076	(2,639,076)
Net investment income	-	22,158,465	(22,158,465)
Benefit payments, including refunds of employee contributions	(5,795,914)	(5,795,914)	-
Administrative expense	-	(125,039)	125,039
Other changes	-	(3,756)	3,756
Net changes	\$ 13,168,067	\$ 24,509,144	\$ 11,341,077
Balance at 12/31/2019	\$ 188,907,897	\$ 167,647,744	\$ 21,260,153

### Sensitivity of the net pension liability (asset) to changes in the discount rate:

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

1% Decrease 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase 7.75%
\$ 51,084,393	\$ 21,260,153	\$ (3,007,501)

### 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](http://www.tmrs.com).

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

For the year ended September 30, 2020, the City recognized expense of \$7,237,672.

At September 30, 2020 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	2020 Recognition in current pension expense	Deferred (Inflow)/ Outflow in future expense
2014 difference in <b>experience</b> (inflows)/outflows	1.9001	\$ 19,977	\$ 9,463	\$ 9,463
2015 difference in <b>experience</b> (inflows)/outflows	2.7300	\$ 65,769	\$ 24,091	\$ 41,678
2016 difference in <b>experience</b> (inflows)/outflows	3.7900	\$ 1,098,001	\$ 289,710	\$ 808,291
2017 difference in <b>experience</b> (inflows)/outflows	4.7300	\$ 606,680	\$ 128,262	\$ 478,418
2018 difference in <b>experience</b> (inflows)/outflows	5.4200	\$ 1,869,416	\$ 344,911	\$ 1,524,505
2019 difference in <b>experience</b> (inflows)/outflows	6.0500	\$ 250,025	\$ 41,325	\$ 208,700
			<u>\$ 837,762</u>	<u>\$ 3,071,055</u>
2015 difference in <b>assumptions</b> - (inflows)/outflows	2.7300	\$ (271,790)	\$ (99,557)	\$ (172,233)
2019 difference in <b>assumptions</b> - (inflows)/outflows	6.0500	\$ 78,667	\$ 13,003	\$ 65,664
			<u>\$ (86,554)</u>	<u>\$ (106,569)</u>
2016 deficit <b>investment returns</b> - (inflows)/outflows	2.0000	\$ (5,742)	\$ (2,871)	\$ (2,871)
2017 deficit <b>investment returns</b> - (inflows)/outflows	3.0000	\$ (5,296,912)	\$ (1,765,637)	\$ (3,531,275)
2018 excess <b>investment returns</b> - (inflows)/outflows	4.0000	\$ 11,256,114	\$ 2,814,029	\$ 8,442,086
2019 deficit <b>investment returns</b> - (inflows)/outflows	5.0000	\$ (12,496,609)	\$ (2,499,322)	\$ (9,997,287)
			<u>\$ (1,453,801)</u>	<u>\$ (5,089,347)</u>
				<u><u>\$ (2,124,861)</u></u>

\$4,878,120 (including \$34,635 for MEDC) 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, 2021. 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	\$ (702,593)
2021	(688,806)
2022	1,071,082
2023	(2,006,448)
2024	199,191
Thereafter	<u>2,713</u>
Total	<u><u>\$(2,124,861)</u></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](http://www.tmr.com).

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

Inactive employees or beneficiaries currently receiving benefits	162
Inactive employees entitled to but not yet receiving benefits	45
Active employees	<u>509</u>
Total	716

### Contributions:

The contribution rates for employees in SDBF is .02% of employee gross earnings, and the city matching percentages is .16%, 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 .16% in calendar years 2019 and 2020 respectively. The City's contributions to SDBF as of September 30, 2020 were \$65,265 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, 2019.

#### Actuarial Assumptions:

The total OPEB Liability - SDBF in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% per year, including inflation
Discount rate	2.75%, based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Table with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

#### Changes in the total OPEB liability - SDBF:

Balance at 12/31/2018	<u>\$ 1,179,078</u>
Changes for the year:	
Service Cost	49,011
Interest	44,513
Differences between expected and actual experience	(203,949)
Changes in assumptions or other inputs	214,351
Benefit payments*	<u>(7,540)</u>
Net changes	<u>96,386</u>
Balance at 12/31/2019	<u><u>\$ 1,275,464</u></u>



\*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 2.75%, 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 (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	<b>1% Decrease 1.75%</b>	<b>Current Discount Rate 2.75%</b>	<b>1% Increase 3.75%</b>
Total OPEB liability	\$1,569,863	\$1,275,464	\$1,048,914

#### 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.tmr.com](http://www.tmr.com).

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (SDBF):

For the year ended September 30, 2020, the City recognized expense of \$113,910.

At September 30, 2020 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

<u>Due to Liabilities:</u>	<u>Recognition Period (or Amortization yrs)</u>	<u>Total Remaining (Inflow) or Outflow of Resources</u>	<u>2020 Recognized in current OPEB expense</u>	<u>Deferred (Inflow)/Outflow in future expense</u>
2019 Change in assumptions	7.7300	\$ 214,351	\$ 27,730	\$ 186,621
2018 Change in assumptions	7.0400	(71,230)	(10,118)	(61,112)
2017 Change in assumptions	6.0400	66,918	11,079	55,839
2019 Difference in expected and actual experience	7.7300	\$ (203,949)	\$ (26,384)	(177,565)
2018 Difference in expected and actual experience	7.0400	127,275	18,079	109,196
			<u>\$ 20,386</u>	<u>\$ 112,979</u>

\$50,715 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, 2021. 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
2021	\$ 20,386
2022	20,386
2023	20,386
2024	20,386
2025	20,386
Thereafter	11,049
Total	<u>\$ 112,979</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 452 active plan members and 104 retired plan members receiving benefits. Of the retired members, 40 had less than 20 years of service and 64 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 \$2,410,000 for the fiscal year ended September 30, 2020.

## Net OPEB Liability

The City's net OPEB liability (NOL) was measured as of June 30, 2020 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, 2020 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	PRI-2012 Total Dataset Mortality Table with Improvement Scale MP-2019
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 from RP-2014 Mortality Table to PRI-2012 Total Dataset Mortality Table. Also, improvement scale has been changed from MP-2018 to MP-2019.
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, 2020 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	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 6/30/2019	\$ 58,992,696	\$ 16,976,627	\$ 42,016,069
Changes for the year:			
Service Cost	607,995	-	607,995
Interest	4,048,664	-	4,048,664
Difference between expected and actual experience	5,583,748	-	5,583,748



Changes of assumptions	(1,186,827)	-	(1,186,827)
Contributions - employer	-	2,628,940	(2,628,940)
Benefit payments	(2,628,940)	(2,628,940)	-
Net investment income	-	764,088	(764,088)
Administrative expense	-	(80,301)	80,301
Net changes	<u>6,424,640</u>	<u>683,787</u>	<u>5,740,853</u>
Balance at 6/30/2020	<u>\$ 65,417,336</u>	<u>\$ 17,660,414</u>	<u>\$ 47,756,922</u>

#### 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%)
Net OPEB Liability	\$ 57,865,151	\$ 47,756,922	\$ 39,661,245

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%)
Net OPEB Liability	\$ 39,599,154	\$ 47,756,922	\$ 57,825,189

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2020, the City recognized expense of \$6,463,432.

At September 30, 2020 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 actuarial experience	2.3900	\$ (782,277)	\$ (327,313)	\$ (454,964)
2020 Change in assumptions	3.9400	(1,186,827)	(301,225)	(885,602)
			<u>\$ (628,538)</u>	<u>\$ (1,340,566)</u>



Due to Assets:

2018-2020 Net difference in projected and actual earnings on OPEB plan investments	5.0000	\$ 567,123	\$ 123,832	\$ 443,291
2019 Difference between expected and actuarial experience	3.2000	6,674,637	2,085,824	4,588,813
2020 Difference between expected and actuarial experience	3.9400	5,583,748	1,417,195	4,166,553
			<u>\$ 3,626,851</u>	<u>\$ 9,198,657</u>
Total				<u>\$ 7,858,091</u>

\$2,410,000 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the year ended September 30,</u>	<u>Net deferred outflows (inflows) of resources</u>
2020	\$ 2,998,313
2021	3,197,977
2022	1,560,252
2023	101,549
2024	-
Thereafter	-
Total	<u>\$ 7,858,091</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
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension contributions	3,925,424	918,061	4,843,485	34,635	4,878,120
Deferred Net OPEB contributions	1,974,513	421,991	2,396,504	13,496	2,410,000
Deferred Total OPEB contributions - SDBF	40,811	9,544	50,355	360	50,715
Deferred investment losses - net OPEB	363,190	77,619	440,809	2,482	443,291
Deferred assumption changes - pension	52,840	12,358	65,198	466	65,664
Deferred assumption changes - SDBF	195,109	45,630	240,739	1,721	242,460
Deferred actuarial experience - pension	2,471,276	577,972	3,049,248	21,805	3,071,053
Deferred actuarial experience - net OPEB	7,173,272	1,533,065	8,706,337	49,029	8,755,366
Deferred actuarial experience - SDBF	87,870	20,551	108,421	775	109,196
	16,284,305	3,616,791	19,901,096	124,769	20,025,865
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred assumption changes - pension	138,596	32,414	171,010	1,223	172,233
Deferred assumption changes - net OPEB	725,574	155,069	880,643	4,959	885,602
Deferred assumption changes - SDBF	49,176	11,502	60,678	434	61,112
Deferred investment gains - pension	4,095,397	957,814	5,053,211	36,134	5,089,345
Deferred actuarial experience - net OPEB	372,752	79,664	452,416	2,548	454,964
Deferred actuarial experience - SDBF	142,885	33,419	176,304	1,261	177,565
	5,524,380	1,269,882	6,794,262	46,559	6,840,821
<b>LIABILITIES</b>					
Net pension liability	17,108,045	4,001,161	21,109,206	150,947	21,260,153
Net OPEB liability	39,127,246	8,362,237	47,489,483	267,439	47,756,922
Total OPEB liability - SDBF	1,026,365	240,043	1,266,408	9,056	1,275,464
	57,261,656	12,603,441	69,865,097	427,442	70,292,539

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, 2020 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 three years as follows:

Fiscal Year	Annual Payment	Interest	Principal	Remaining Principal
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	-
<b>TOTAL</b>	<b>\$723,459</b>	<b>\$48,222</b>	<b>\$675,237</b>	

#### **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 2020. 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 2020, the City's cost for sewer treatment under the contract was \$7,372,667.

#### Law Enforcement Complex Housing Commitment

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.

During fiscal year 2020 the City made the decision to convert the LEC to a city jail in fiscal year 2021. Operations and statement of net position items will be transferred to the General Fund and be operated as department.

#### 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,” BLDMSP. The City spent \$26.4 million on the facility, which includes eight lighted theme baseball/softball fields, one multipurpose facility, open park areas, and administrative offices on 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 BLDMSP. This agreement is referred to as a maintenance and operation agreement. BLD is an affiliate of Big League Dreams USA, LLC, or BLD USA, a California company, which has affiliates in several states including Texas, Arizona, and California. BLD USA also owns the intellectual rights and has a proprietary interest in the Total Image, Name and Marks, and Logo, BLD USA. The City has contracted with BLD USA to use their intellectual rights for BLDMSP through a license agreement. The term of this license agreement is concurrent to the term of the maintenance and operation agreement.

The terms of the agreement give BLD the right to operate and maintain the BLDMSP for an initial term of 30 years with the two separate options of extending the contract for 5 years in periods following the original term of 30 years. BLD is to maintain and operate the park from the use of the facility by the public. BLD is able to charge fees and is to pay for the cost of maintaining, insuring, and operating the park. For the right to maintain, insure, and operate the BLDMSP, BLD is to pay the City a minimum operating fee of \$100,000 per year with escalation provisions based upon annual gross revenues achievements. The payments are to commence after a waiver period of at least 12 months.

There are provisions for the termination of this agreement in the event of well-defined circumstances of default by either the City or BLD USA. In the event of an agreed-upon default, the City or BLD has exhaustive rights to remedy or cure the default. There is no right of assignment outside the assignment to an affiliate of either entity.

#### Water Park – Hawaiian Falls

In fiscal year 2008, the City completed the construction and capitalized the costs of a water park. The cost of the park capitalized was \$8.9 million.

To construct, operate, and maintain the water park, the City contracted with Mansfield Family Entertainment, LLC, MFE, commonly referred to as Hawaiian Falls. The term of the agreement is for a period of 40 years with two 5-year renewal options succeeding the term of 40 years. The agreement allows MFE to operate and maintain the park by leasing the water park from City. MFE has the right to charge fees to operate and maintain the park. The City granted a rent holiday or reprieve from annual lease payments for a period of 7 years. However, if the gross receipts generated from the operation of the water park exceed \$2,500,000 in any year within the 7-year rent holiday, MFE is to begin paying an annual lease payment of at least 5% of gross revenues thereafter.

By agreement, MFE acknowledges the title of City in and to land constituting the premises and the real property improvements including appurtenances constructed by either party and agrees never to contest such title.

The parent company of Mansfield Family Entertainment, LLC (MFE), Horizon Family Holdings, LLC sold 100% of the interest of Horizon Family Holdings to Source Horizon, LLC. This transaction allows for the ground lease with MFE to continue without disruption.

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 year 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 has made commitments to be administered over the next several years in the amounts of \$1.1 million in year 2021, \$3.8 million in year 2022, and \$1.2 million in year 2023. 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.

#### **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, 2020, the City of Mansfield, Texas abated property and sales taxes totaling \$625,349 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 \$539,976.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to \$46,598.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to \$20,927.

A 50% sales tax abatement to developer for constructing a multi-family facility within the City of Mansfield, Texas. The abatement amounted to \$17,848.

#### **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 Issuance**

On February 8, 2021 the City issued \$7,425,000 in Waterworks and Sewer Revenue Refunding Bonds, the Series 2021. The debt was issued to refund the Series 2009 Waterworks and Sewer Revenue Bonds, the Series 2011 Waterworks and Sewer Revenue Refunding and Improvement 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 \$1,331,451.

## **S. New Accounting Pronouncements to be implemented after fiscal year 2020**

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, 2019. 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 June 15, 2021. 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, 2020.

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, 2021.

In January 2020, the GASB issued Statement No. 92, *OMNIBUS 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements addressing (1) the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, (2) reporting intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan, (3) the applicability of Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits, (4) the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, (5) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, (6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, (7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and (8) terminology used to refer to derivative instruments. The requirements of this Statement are effective (1) upon issuance if related to Statement 87 and Implementation Guide 2019-3, (2) for fiscal years beginning after June 15, 2020 if related to Statement 73 and 74, and (3) for reporting periods beginning after June 15, 2020 if related to Statement 84 and related to measurement of liabilities (and assets, if any).

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objectives of this Statement are to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs



does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended. The requirements of this Statement are effective (1) for reporting periods ending after December 31, 2021 if the removal of LIBOR as an appropriate benchmark interest rate, and (2) for reporting periods ending after June 15, 2020 for all other requirements of this Statement.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective is to postpone the effective dates of certain provisions by one year (1) Statement No. 83, Certain Asset Retirement Obligations, (2) Statement No. 84, Fiduciary Activities, (3) Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, (4) Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, (5) Statement No. 90, Majority Equity Interests, (6) Statement No. 91, Conduit Debt Obligations, (7) Statement No. 92, Omnibus 2020, (8) Statement No. 93, Replacement of Interbank Offered Rates, (9) Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting), (10) Implementation Guide No. 2018-1, Implementation Guidance Update—2018, (11) Implementation Guide No. 2019-1, Implementation Guidance Update—2019, and (12) Implementation Guide No. 2019-2, Fiduciary Activities. And postponed by 18 months (1) Statement No. 87, Leases, and (2) Implementation Guide No. 2019-3, Leases. The requirements of this Statement are effective immediately.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for or government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a

governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

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**APPENDIX C**

**FORM OF BOND COUNSEL'S OPINION**

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\_\_\_\_\_, 2021

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CITY OF MANSFIELD, TEXAS  
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION  
SERIES 2021

WE HAVE represented the City of Mansfield, Texas (the "Issuer") as its bond counsel in connection with an issue of certificates of obligation (the "Certificates") described as follows:

CITY OF MANSFIELD, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021, dated July 1, 2021, in the principal amount of \$ \_\_\_\_\_.

The Certificates mature, bear interest, are subject to redemption and may be transferred and exchanged as set out in the Certificates and in the 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 Certificates under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials; and other certified showings relating to the authorization and issuance of the Certificates. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have also examined executed Certificate 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 Certificates with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax-exempt status of the Certificates.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

- (A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Certificates constitute valid and legally binding special obligations of the Issuer;
- (B) A continuing ad valorem tax upon all taxable property within the City of Mansfield, Texas, necessary to pay the principal of and interest on the Certificates, has been levied and pledged irrevocably for such purposes, within the limit prescribed by law; in addition, the payment of the principal of and interest on the Certificates is further secured by a pledge of the Surplus Revenues of the Issuer's Waterworks and Sewer System (as defined in the Ordinance), such pledge being limited to an amount not in excess of \$1,000; and the total indebtedness of the Issuer, including the Certificates, does not exceed any constitutional, statutory or other limitations; and
- (C) Interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Certificates is not a specific preference item for purposes of the alternative minimum tax.

The rights of the owners of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Certificates or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Certificates. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Certificates could become includable in gross income for federal income tax purposes from the date of the original delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.



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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