OFFICIAL STATEMENT
Dated April 20, 2021

NEW ISSUE - Book-Entry-Only

RATINGS:
S&P: "AA"/"A+" (enhanced/unenhanced)
(See "BOND INSURANCE" and
"OTHER INFORMATION – Ratings" herein)

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

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

$2,405,000
ALICE WATER AUTHORITY
(Jim Wells County)
UNLIMITED TAX AND REVENUE REFUNDING BONDS, SERIES 2021

Dated: May 1, 2021 **Due: August 15, as shown on page ii**
Interest to accrue from Delivery Date (defined below)

AUTHORITY FOR ISSUANCE . . . The $2,405,000 Alice Water Authority Unlimited Tax and Revenue Refunding Bonds, Series 2021 (the "Bonds") are being issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas (the "State"), including Chapter 9015, as amended, Texas Special District Local Laws Code, Chapter 1207, Texas Government Code, as amended, ("Chapter 1207") and a Resolution (the "Bond Resolution") adopted by the Board of Directors of the Alice Water Authority (the "Authority" or "Issuer") on March 23, 2021 authorizing the issuance of the Bonds. Pursuant to the provisions of Chapter 1207, the Board of Directors of the Authority, in the Bond Resolution, delegated to certain officials the authority to execute an "Approval Certificate" setting forth the final terms of the Bonds. An authorized official of the Authority executed the Approval certificate on April 20, 2021. The Bond Resolution and the Approval Certificate are referred to herein collectively as the "Resolution".

PAYMENT TERMS . . . The Bonds will be issued in denominations of $5,000 or any integral multiple thereof. Interest on the Bonds will accrue from the Delivery Date (defined herein) and will be payable on February 15 and August 15 of each year commencing August 15, 2021 until stated maturity and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. DTC will act as securities depository. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof**. Principal, and interest on the Bonds will be payable to the paying agent/registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

SECURITY FOR THE BONDS. . . The Bonds constitute direct obligations of the Issuer payable as to principal and interest from ad valorem taxes levied annually against all taxable property located within the Issuer, without limitations as to rate or amount, and are additionally secured by a lien on and pledge of the surplus Net Revenues of the Issuer's Water and Sewer System. (See "THE BONDS – Security and Source of Payment herein.)

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund certain outstanding debt of the Issuer as disclosed in SCHEDULE I hereto (the "Refunded Bonds") and (ii) pay the costs of issuance of the Bonds. (See "PLAN OF FINANCE - Purpose" herein.)

BOND INSURANCE . . . The scheduled payment of principal and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the deliver of the Bonds by Build America Mutual Assurance Company.

BAM
BUILD AMERICA MUTUAL

See following page for Maturity Schedule, Interest Rates, Yields, CUSIP Numbers, and Redemption Provisions

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DELIVERY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchasers thereof named below (the "Underwriter") and subject to the approving opinion of the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by their counsel, Locke Lord LLC, Austin, Texas. It is expected that the Bonds will be available for initial delivery through the services of DTC, on or about May 24, 2021 (the "Delivery Date").

SAMCO CAPITAL MARKETS

MATURITY SCHEDULE, INTEREST RATES, YIELDS, AND CUSIP NUMBERS*

$2,405,000
UNLIMITED TAX AND REVENUE REFUNDING BONDS, SERIES 2021

CUSIP[(1)] Prefix: 016176

Maturity	Principal Amount	Interest Rate	Yield	CUSIP[(1)] Suffix
8/15/2021	$ 340,000	3.000%	0.180%	FM6
8/15/2022	320,000	3.000%	0.200%	FN4
8/15/2023	330,000	3.000%	0.280%	FP9
8/15/2024	335,000	3.000%	0.400%	FQ7
8/15/2025	350,000	3.000%	0.600%	FR5
8/15/2026	360,000	3.000%	0.770%	FS3
8/15/2027	370,000	3.000%	0.950%	FT1

(Interest to accrue from the Delivery Date.)

NO OPTIONAL REDEMPTION OF THE BONDS . . . The Bonds are not be subject to redemption prior to maturity (see "THE BONDS – No Optional Redemption of the Bonds," herein).

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Underwriter, the City nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

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

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Issuer, the Issuer's Financial Advisor, or the Underwriter.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Underwriter. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. See "OTHER INFORMATION - Continuing Disclosure of Information" for a description of the Issuer's undertaking to provide certain information on a continuing basis.

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

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of 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 Issuer or other matters described.

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

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

Neither the Issuer, the Underwriter, 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 or any municipal bond insurer with respect to its policy of municipal bond insurance, as such information was provided by DTC and the municipal bond insurer, respectively.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and "EXHIBIT D - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

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

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE 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.

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

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended	Estimated Issuer Population [(1)]	Taxable Assessed Valuation[(2)]	Per Capita Taxable Assessed Valuation	Tax Debt	Per Capita Tax Debt	Ratio Debt to Taxable Assessed Valuation
2017	19,690	$ 866,877,584	$ 44,026	$ 3,335,000	$ 169	0.38%
2018	19,395	802,303,655	41,367	3,065,000	158	0.38%
2019	40,822	815,098,995	19,967	2,780,000	68	0.34%
2020	39,326	796,549,608	20,255	2,480,000	63	0.31%
2021	39,326 [(3)]	781,151,003	19,863	2,065,000 [(4)]	53	0.26%

(1) Issuer estimates.
(2) As reported by the Jim Wells County Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Fiscal year ending 2020 and 2021 population held constant for purpose of illustration
(4) Includes the Bonds and excludes the Refunded Bonds

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended August 31,				
	2020	2019	2018	2017	2016
Total Revenues	$ 2,859,220	$ 1,436,498	$ 84,823	$ 94,809	$ 72,274
Total Expenditures	2,504,687	1,427,686	63,446	102,427	64,088
Excess (Deficiency) of Revenues Over (Under) Expenditures	354,533	8,812	21,377	(7,618)	8,186
Fund Balance at the Beginning of Year	76,222	67,410	46,033	53,651	45,465
Ending Balance	$ 430,755 [(1)]	$ 76,222	$ 67,410	$ 46,033	$ 53,651

Source: The Issuer's audited annual financial statements.
(1) Increase in FYE 2020 was to build up fund balance to reflect 3 months of reserves for expenses.

For additional information regarding the City, please contact:

Michael Esparza
City Manager
City of Alice
500 E. Main St.
Alice, Texas 78332
361-668-7210 – Telephone

or

Robert A. Tijerina
Tijerina Galvan Lawrence LLC
8000 West Interstate 10
Suite 610
San Antonio, Texas 78230
210-366-8033 - Telephone

or

Adrian Galvan
Tijerina Galvan Lawrence LLC
101 Summit Avenue
Suite 406
Fort Worth, Texas 76102
817-935-0888 - Telephone

AUTHORITY ADMINISTRATION

ELECTED OFFICIALS

Name	Years Served	Term Expires	Occupation
Robert McIntyre President	10 Years	12/31/2021	Business Owner
Carlos Trevino Secretary	10 Years	12/31/2021	Engineer
Manuel Galindo Member	7 Years	12/31/2022	Banker
Steve Findley Member	2 Years	9/30/2021	Business Owner
Mark Paisley Member	12 Years	12/31/2021	Attorney

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service with the Authority
Michael Esparza Administrator	City Manager, City of Alice	3 Years
Roland Ramos Asst. Administrator	Finance Director, City of Alice	3 Years

CONSULTANTS AND ADVISORS

Auditors .... Raul Hernandez & Company, P.C.
Corpus Christi, Texas

Financial Advisor .... Tijerina Galvan Lawrence LLC
San Antonio, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas

For additional information regarding the City, please contact:

Michael Esparza City Manager City of Alice 500 E. Main St. Alice, Texas 78332 361-668-7210 – Telephone	or	Robert A. Tijerina Tijerina Galvan Lawrence LLC 8000 West Interstate 10 Suite 610 San Antonio, Texas 78230 210-366-8033 - Telephone	or	Adrian Galvan Tijerina Galvan Lawrence LLC 101 Summit Avenue Suite 406 Fort Worth, Texas 76102 817-935-0888 - Telephone

OFFICIAL STATEMENT
RELATING TO

$2,405,000
ALICE WATER AUTHORITY
(Jim Wells County)
UNLIMITED TAX AND REVENUE REFUNDING BONDS, SERIES 2021

INTRODUCTION

This Official Statement of the Alice Water Authority (the "Authority" or "Issuer"), which includes the Appendices hereto, provides certain information regarding the issuance of $2,405,000 Alice Water Authority Unlimited Tax and Revenue Refunding Bonds, Series 2021 (the "Bonds"). Capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Ordinance (defined herein) authorizing the issuance of the Bonds, except as otherwise provided herein.

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 financial position or other affairs of the City. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future. (See "OTHER INFORMATION – Forward Looking Statements" herein).

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Issuer 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 Issuer's Financial Advisor, Tijerina Galvan Lawrence LLC., San Antonio and Fort Worth, Texas, in electronic format or upon payment of reasonable copying, handling and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Official Statement will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "OTHER INFORMATION - Continuing Disclosure of Information" for a description of the Issuer's undertaking to provide certain information on a continuing basis.

PLAN OF FINANCE

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (1) refund certain of the Authority's currently outstanding bonds, of the respective series, in the maturities, and in the amounts described on SCHEDULE I hereto (the "Refunded Bonds") and (2) pay costs of issuance of the Bonds.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated May 1, 2021, and mature on February 15 in each of the years and in the amounts shown on page ii hereof. Interest will accrue from the Delivery Date as defined on the cover hereof, 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 August 15, 2021, until maturity.

The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York, pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof**. Principal and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System" herein).

If the date for any payment due on any Certificate is a Saturday, Sunday, legal holiday, or day on which banking institutions in the city in which the designated corporate trust office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not such a day. The payment on such date has the same force and effect as if made on the original date payment was due.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the laws of the State of Texas, including Chapter 12, Acts of the 57th Legislature, 3rd Called Session (1962), as amended by Chapter 661, Acts of the 67th Legislature, Regular Session (1981) (collectively, the "Authority Act"), Chapter 1207, Texas Government Code, as amended, and a resolution (the "Bond Resolution") adopted by the Board of Directors of the Issuer. Pursuant to the provisions of Chapter 1207, the Board of Directors of the Authority, in the Bond Resolution, delegated to certain officials the authority to execute an "Approval Certificate" setting forth the final terms of the Bonds. An authorized official of the Authority executed the Approval certificate on April 20, 2021. The Bond Resolution and the Approval Certificate are referred to herein collectively as the "Resolution".

REFUNDED BONDS . . . The Refunded Bonds, and interest due thereon, are to be paid on their scheduled redemption date identified on SCHEDULE I from funds to be deposited with The BOKF, NA, Dallas, Texas, as escrow agent (the "Escrow Agent"), pursuant to an escrow agreement (the "Escrow Agreement") between the Issuer and the Escrow Agent.

The Resolution provides that from a portion of the proceeds of the sale of the Bonds received from the Underwriter, along with a Issuer contribution (if any), the Issuer will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds to their date of redemption. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund"), a portion of which will be held uninvested in cash and the remainder used to purchase a portfolio of securities authorized by Section 1207.062, Texas Government Code, as amended, which authorization includes direct noncallable obligations of the United States and noncallable obligations of an agency or instrumentality of the United States rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and guaranteed by the full faith and credit of the United States of America (the "Governmental Obligations") maturing in time to make such payment. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds. Such maturing principal of and interest on the Governmental Obligations and uninvested cash will not be available to pay debt service on any of the Bonds will only be available to pay the debt service requirements on the Refunded Bonds and not the Bonds.

Prior to, or simultaneously with the issuance of the Bonds, the Issuer will give irrevocable instructions to provide notice, if any, to the owners of the Refunded Bonds that the Refunded Bonds will be redeemed prior to stated maturity on which date money held under the Escrow Agreement will be made available to redeem the Refunded Bonds. The Refunded Bonds will be called for redemption on the respective call dates reflected in SCHEDULE I.

Tijerina Galvan Lawrence LLC, the Financial Advisor to the Authority, will execute a certificate (the "Sufficiency Certificate") certifying that the amount deposited into the Escrow Fund, will be sufficient to pay the principal of and interest on the Refunded Bonds on the redemption date.

The Issuer has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund of any additional amounts required to pay the principal of and interest on the Refunded Bonds if, for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds will constitute direct obligations of the Issuer, payable as to principal and interest from ad valorem taxes levied annually against all taxable property located within the Issuer, without limitations as to rate or amount, and are additionally secured by a lien on and pledge of the surplus Net Revenues of the Issuer's Water and Sewer System.

NO OPTIONAL REDEMPTION OF THE BONDS . . . The Bonds are not be subject to redemption prior to stated maturity.

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, 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, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S & P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

Principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on 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 Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer 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.

Effect of Terminate of Book-Entry Only System . . . DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, security Bonds for each maturity of the Bonds are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, security certificates for each maturity of the Bonds will be printed and delivered and the Bonds will be subject the transfer, exchange and registration provisions as set forth in the Resolution and summarized under "Transfer, Exchange and Registration" below.

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 Issuer or the Financial Advisor.

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

Paying Agent/Registrar . . . The initial Paying Agent/Registrar is The initial Paying Agent/Registrar is The BOKF, N.A., dba Bank of Texas, Dallas, Texas. In the Resolution, the Issuer retains the right to replace the Paying Agent/Registrar. The Issuer covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State 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 Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the Issuer agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will 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 will be paid

(i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at the stated maturity or, with respect to the Bonds, upon prior redemption, upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, payments of principal of the Bonds and interest on the Bonds will be made as described in "THE BONDS - Book-Entry-Only System," above.

SUCCESSOR PAYING AGENT/REGISTRAR . . . The Issuer reserves the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar must accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor paying Agent/Registrar selected by the Issuer shall be a bank, a trust company, financial institution, or other entity duly qualified and legally authorized to serve and perform the duties of Paying Agent/Registrar for the Bonds.

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

RECORD DATE FOR INTEREST PAYMENT . . . The date for determining the person to whom the interest is payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month (the "Record Date").

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

MUTILATED, DESTROYED, LOST, OR STOLEN BONDS . . . The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Issuer and Paying Agent of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

DEFEASANCE OF BONDS . . .The Resolution provides for the defeasance of the Bonds when the payment of the principal on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided in any manner permitted by law including by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment and/or (2) Government Obligations (defined herein) that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Ordinance provides that "Government Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (d) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds. The Issuer has additionally reserved the right, subject to satisfying the requirements of (1) or (2) above, to substitute other Government Obligations for the Government Obligations originally deposited, to reinvest the uninvested money on deposit for such defeasance and to withdraw for the benefit of the Issuer money in excess of the amount required for such defeasance. There is no assurance that the ratings for United States Treasury securities acquired to defease any Bonds, or those for any other Government Obligations, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Bonds (“Defeasance Proceeds”), though the Issuer has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Resolution does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the Issuer to use lawfully available Defeasance Proceeds to defease all or any portion of the Bonds, registered owners of Bonds are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding obligations for purposes of applying any debt limitation on indebtedness or for purposes of taxation.

AMENDMENTS . . . The Issuer may amend the Resolution without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Resolution; except that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Bond or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required for consent to any amendment, addition, or waiver.

BONDHOLDERS' REMEDIES . . . The Resolution establishes specific events of default with respect to the Bonds. If the Issuer (i) defaults in the payment of the principal, premium, if any, or interest on the Bonds, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Resolution, the failure to perform which materially, adversely affects the rights of the holders including but not limited to their prospect or ability to be repaid in accordance with the Resolution, and the continuation thereof for 30 days after the Issuer has received written notice of such defaults, the Resolution provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the Issuer to make such payment or observe and perform such covenants, obligations, or conditions.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Resolution and the Issuer'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 Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Resolution does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the Issuer to perform in accordance with the terms of the Resolution, 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 Issuer's governmental immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the Issuer for breach of the Bonds or covenants in the Resolution. Even if a judgment against the Issuer could be obtained, it could not be enforced by direct levy and execution against the Issuer's property. Further, the registered owners cannot themselves foreclose on property within the Issuer or sell property within the Issuer to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

In Tooke, the Court noted the enactment in 2005 of sections 271.151- 160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers municipalities and relates to contracts entered into by municipalities for providing goods or services to municipalities. The Issuer is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings by local governments that relate to their borrowing powers are contracts covered by the Local Government Immunity Waiver Act.

As noted above, the Resolution provides that Bondholders may exercise the remedy of mandamus to enforce the obligations of the Issuer under the Resolution. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Furthermore, the Issuer 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 Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Issuer 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.

Perfected Security Interest For The Bonds . . . Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds and the pledge of the taxes and revenues granted by the Issuer under the Resolution and such pledge is, therefore, valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the taxes and revenues granted by the Issuer under the Resolution is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

Sources and Uses of Bond Proceeds . . . Proceeds from the sale of the Bonds are expected to be expended as follows:

Sources:		
Par Amount of the Bonds	$	2,405,000.00
Premium		182,634.90
Total Sources of Funds	$	2,587,634.90

Uses:		
Deposit to Escrow Fund	$	2,508,417.67
Cost of Issuance		60,222.12
Underwriter's Discount		18,995.11
Total Uses of Funds	$	2,587,634.90

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.
The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $485.4 million, $160.7 million and $324.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOND INSURANCE RISK FACTORS

The Issuer has obtained a commitment from a bond insurance company (the "Insurer") to provide a municipal bond insurance policy relating to all or a portion of the Bonds (the "Policy"), see "BOND INSURANCE".

In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the Issuer which is recovered by the Issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the Issuer (unless the Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE BONDS – Default and Remedies"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the bondholders.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the ratings on the Bonds, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds. See the disclosure described in "OTHER INFORMATION - Ratings" herein.

The obligations of the Insurer under a Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the Issuer, the Financial Advisor or the Underwriter has made independent investigation into the claims-paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

AD VALOREM TAX INFORMATION

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. Reference is made to 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 ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the Issuer is the responsibility of the Jim Wells County Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

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

See Table 1, for the reduction in taxable valuation attributable to valuation by Productivity Value.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the Issuer, in establishing their tax rolls and tax rates. See "AD VALOREM TAX INFORMATION – Issuer and Taxpayer Remedies."

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

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

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 one hundred seventy-five days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a axing 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 one hundred seventy-five days ("goods-in-transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax goods-in-transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax goods-in-transit. Goods-in-transit and Freeport Property do not include oil, natural gas or petroleum products, and goods-in-transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat. or heavy equipment inventory. A taxpayer may receive only one of the goods-in-transit or Freeport Property exemptions for items of personal property

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

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

Tax Increment Reinvestment Zones . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other 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 TAX INFORMATION – Issuer Application of Property Tax Code" for descriptions of any of the Issuer's tax abatement agreements. See Table 1, for the reduction in taxable valuation, if any, attributable to tax abatement agreements.

Levy And Collection Of Taxes…The Issuer is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran, are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) of the delinquent tax, penalty, and interest collected if imposed by the Issuer. 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 Issuer may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. See "AD VALOREM TAX PROCEDURES – Temporary Exemption for Qualified Property Damaged by a Disaster" for further information related tot a discussion of the applicability of this section of the Property Tax Code.

Issuer's Rights in the Event of Tax Delinquencies . . . Taxes levied by the Issuer are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the Issuer, having power to tax the property. 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 Issuer is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the Issuer 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 Issuer must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Interest And Sinking Fund Tax . . . The Issuer is authorized to levy an annual ad valorem tax, without legal limitation as to rate and amount, on all taxable property within the Issuer in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the Issuer may hereafter issue, and to pay the expenses of assessing and collecting such taxes.

MAINTENANCE TAX . . . The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the Issuer's improvements. Such tax is in addition to taxes which the Issuer is authorized to levy for paying principal of an interest on the the Bonds and any tax-supported bonds which may be issued in the future.

ISSUER AND TAXPAYER REMEDIES…Under certain circumstances, the Issuer and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the Issuer may bring suit against the 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 Issuer and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

ISSUER APPLICATION OF TAX CODE . . .The Authority grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $10,000; the disabled are also granted an exemption of $10,000.

The Authority has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

The Authority has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

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

The Authority does not tax nonbusiness personal property; and Jim Wells County Appraisal District collects taxes for the Authority.

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

The Authority does tax good-in-transit.

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TABLE 1 – VALUATION EXEMPTIONS AND TAX SUPPORTED DEBT

2020 Market Valuation Established by Jim Wells County Appraisal District		$ 902,623,160
Less Exemptions/Reductions at 100% Market Value:		
$25K Homestead exemption loss	-	
$10K over 65 homstead exemption loss	13,393,807	
Total value lost to 100% disabled and disabled person	3,026,019	
Disabled Veteran/Disabled Veteran Surviving Spouse	7,859,923	
Productivity Loss	2,713,844	
10% Cap Loss	279,995	
Exempt Property	94,198,569	121,472,157
2020 Taxable Assessed Valuation		**$ 781,151,003**
Debt Payable from Ad Valorem Taxes (as of May 24, 2021)		
Unlimited Tax & Revenue Refunding Bonds, Series 2010	$ - (1)	
The Bonds	2,405,000	2,405,000
Total Ad Valorem Tax Obligations		**$ 2,405,000** (1)
Interest and Sinking Fund (as of August 31, 2020)		$766,900
Ratio Funded Tax Supported Net Debt to Taxable Assessed Valuation		0.31%

2021 Estimated Population	39,326
Per Capita Taxable Assessed Valuation	$ 19,863
Per Capita Total Outstanding Debt	$ 61

(1) Excludes the Refunded Bonds.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY [1]

	Taxable Appraised Value for Fiscal Year Ended August 31,					
	2021		2020		2019	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 407,724,204	50.43%	$ 405,819,172	49.27%	$ 405,171,360	48.10%
Real, Residential, Multi-Family	13,686,781	1.69%	14,239,210	1.73%	11,361,065	1.35%
Real, Vacant Lots/Tracts	6,208,272	0.77%	6,428,882	0.78%	6,585,730	0.78%
Real, Acreage (Land Only)	9,062,040	1.12%	2,977,286	0.36%	2,980,163	0.35%
Real, Farm and Ranch Improvements	28,919	0.00%	6,190,197	0.75%	6,029,601	0.72%
Real, Commercial	131,029,318	16.21%	131,260,407	15.94%	125,876,552	14.94%
Real, Industrial	42,174,320	5.22%	42,515,943	5.16%	44,448,981	5.28%
Real, Oil, Gas, and Other Mineral Reserves	-	0.00%	-	0.00%	-	0.00%
Real and Tangible Personal, Utilities	29,867,066	3.69%	32,164,156	3.90%	21,107,782	2.51%
Tangible Personal, Commercial	62,912,144	7.78%	59,972,912	7.28%	58,941,642	7.00%
Tangible Personal, Industrial	96,865,380	11.98%	111,582,630	13.55%	151,567,320	17.99%
Tangible Personal, Mobile Homes	1,584,934	0.20%	1,573,338	0.19%	1,496,546	0.18%
Special Inventory	7,281,213	0.90%	8,987,065	1.09%	6,762,960	0.80%
Total Appraised Value	$ 808,424,591	100.00%	$ 823,711,198	100.00%	$ 842,329,702	100.00%
Less: Total Reductions/Exempt Property	(27,273,588)		(27,161,590)		(27,230,707)	
Taxable Assessed Valuation	$ 781,151,003		$ 796,549,608		$ 815,098,995	

	Taxable Appraised Value For Fiscal Year Ended August 31,			
	2018		2017	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 385,820,912	46.56%	$ 384,272,960	43.03%
Real, Residential, Multi-Family	11,460,115	1.38%	11,427,325	1.28%
Real, Vacant Lots/Tracts	6,674,079	0.81%	6,493,111	0.73%
Real, Acreage (Land Only)	2,654,337	0.32%	2,654,337	0.30%
Real, Farm and Ranch Improvements	5,844,466	0.71%	5,923,125	0.66%
Real, Commercial	126,009,137	15.21%	128,382,641	14.38%
Real, Industrial	44,709,482	5.40%	46,467,993	5.20%
Real, Oil, Gas, and Other Mineral Reserves	-	0.00%	-	0.00%
Real and Tangible Personal, Utilities	18,415,552	2.22%	18,079,612	2.02%
Tangible Personal, Commercial	62,233,457	7.51%	75,758,306	8.48%
Tangible Personal, Industrial	155,814,650	18.80%	204,316,750	22.88%
Tangible Personal, Mobile Homes	1,600,919	0.19%	1,641,827	0.18%
Special Inventory	7,346,182	0.89%	7,569,121	0.85%
Total Appraised Value	$ 828,583,288	100.00%	$ 892,987,108	100.00%
Less: Total Reductions/Exempt Property	(26,279,633)		(26,109,524)	
Taxable Assessed Valuation	$ 802,303,655		$ 866,877,584	

[1] Source: the Comptrollers Office. The above figures reflect the taxable appraised values as stated at the beginning of each tax year to the State Property Tax Board. Any difference between these figures and taxable assessed valuations are due to adjustments and corrections to respective tax roles. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updated records.

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended	Estimated Population (1)	Taxable Assessed Valuation (2)	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Year	Ratio Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2012	19,536	$ 1,078,047,093	$ 55,183	$4,535,000	0.42%	$ 232
2013	19,536	1,311,655,371	67,140	4,310,000	0.33%	221
2014	20,153	1,481,807,340	73,528	4,080,000	0.28%	202
2015	19,395	1,347,508,798	69,477	3,840,000	0.28%	198
2016	19,408	1,181,995,035	60,902	3,590,000	0.30%	185
2017	19,690	866,877,584	44,026	3,335,000	0.38%	169
2018	19,395	802,303,655	41,367	3,065,000	0.38%	158
2019	40,822	815,098,995	19,967	2,780,000	0.34%	68
2020	39,326	796,549,608	20,255	2,480,000	0.31%	63
2021	39,326 (3)	781,151,003	19,863	2,065,000 (4)	0.26%	53

(1) Issuer estimates.
(2) As reported by the Jim Wells County Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Fiscal year ending 2020 and 2021 population held constant for purpose of illustration
(4) Includes the Bonds and excludes the Refunded Bonds.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2012	$ 0.12261	$ 0.10322	$ 0.01939	$1,655,759	97.85%	96.86%
2013	0.12640	0.11064	0.01577	1,879,116	89.50%	97.85%
2014	0.13080	0.11687	0.01393	1,715,804	91.00%	98.25%
2015	0.13080	0.11493	0.01587	1,618,492	96.45%	98.89%
2016	0.14004	0.12237	0.01767	1,343,600	95.50%	97.20%
2017	0.15501	0.13115	0.02386	1,243,571	92.70%	96.00%
2018	0.15501	0.12908	0.02593	1,243,645	94.12%	97.72%
2019	0.15258	0.12696	0.02561	1,215,375	94.12%	98.78%
2020	0.15258	0.12639	0.02619	1,215,344	92.89%	96.86%
2021	0.15199	0.12554	0.02645	1,187,303 (1)	In process of collections	

Source: City of Alice Water Authority's Audited Financial Statements.
(1) Levy calculated based on the AV values presented in Table 3.

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TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2020 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation [(1)]
AEP Texas Inc - 13J	Oil & Gas	$ 12,793,190	1.64%
Enterprise FM Trust	Custodial & Trust Service	10,070,220	1.29%
Dixie Iron Works LTD	Manufacturing	9,921,870	1.27%
Oil States Energy Services LLC	Oil & Gas	9,035,826	1.16%
AEP Texas Inc	Oil & Gas	7,410,484	0.95%
Wal-Mart Real Estate Business	Retail	7,409,496	0.95%
Key Energy Services LLC	Oil & Gas	7,191,160	0.92%
Wal-Mart Stores Texas LP	Retail	6,158,652	0.79%
Nabor Lux 2	Oil & Gas	5,856,120	0.75%
Greens Energy	Oil & Gas	5,212,170	0.67%
		$ 81,059,188	10.38%

As shown in the table above, the total combined top ten taxpayers in the Issuer currently account for 10.38% of the Issuer's tax base. A portion of the Issuer's assessed valuation is comprised of industries related to oil and gas, which are subject to fluctuation in terms of market valuation and availability (and recent events such as COVID-19 significantly increased the volatility in this market sector see "OTHER INFORMATION – Infectious Disease Outbreak - COVID-19" herein). Accordingly, the Issuer makes no representation regarding the continued valuation of any of the property listed in the above table or the generation of future tax revenues therefrom. If any major taxpayer (or a combination of taxpayers) were to default in the payment of taxes due to economic conditions resulting difficulty, the ability of the Issuer to timely pay debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien (which, in the event of bankruptcy, certain laws may preclude until the automatic stay is lifted). Such process is time-consuming and can only occur annually; in the alternative, the Issuer may sell tax anticipation notes until such amounts could be collected, if ever. See "THE BONDS - Default and Remedies", "AD VALOREM TAXATION - The Tax Code as Applied to the Issuer", "THE BONDS - Bondholders' Remedies" and "AD VALOREM PROPERTY TAXATION - Penalties and Interest" herein.

TABLE 6 - ESTIMATED OVERLAPPING DEBT

Certain expenditures of the various taxing bodies 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 Bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the 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 hereof, 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 Taxable Assessed Valuation	Tax Rate	Tax Debt as of 05/24/2021	Estimated %	District's Overlapping Funded Debt	Authorized but Unissued Tax Debt as of 05/24/2021
Alice Water Authority	$ 781,151,003	$ 0.15199	$ 2,405,000 [(1)]	100.00%	$ 2,405,000 [(1)]	$ -
Alice ISD	1,148,848,863	1.25710	37,430,000	76.54%	28,648,922	-
Alice, City of	810,156,898	0.52900	30,447,000	100.00%	30,447,000	-
Jim Wells County	2,061,442,137	0.78800	720,000	45.38%	326,736	-
Total Direct and Overlapping Tax Debt					$ 61,827,658 [(1)]	
Ratio of Direct Overlapping Tax Debt to Taxable Assessed Valuation					7.91%	
Per Capita Overlapping Debt					$ 3,188	

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(1) Includes the Bonds and excludes the Refunded Bonds.

DEBT INFORMATION

TABLE 7 – PRO-FORMA TAX SUPPORTED DEBT SERVICE REQUIREMENTS

FYE 9/30	Outstanding Debt [1] Principal	Outstanding Debt [1] Interest	Outstanding Debt [1] Total	The Bonds Principal	The Bonds Interest	The Bonds Total	Total Debt Service Requirements	% of Principal Retired
2021	$ -	$ 51,150	$ 51,150	$ 340,000	$ 16,234	$ 356,234	$ 407,384	
2022	-	-	-	320,000	61,950	381,950	381,950	
2023	-	-	-	330,000	52,350	382,350	382,350	
2024	-	-	-	335,000	42,450	377,450	377,450	
2025	-	-	-	350,000	32,400	382,400	382,400	69.6%
2026	-	-	-	360,000	21,900	381,900	381,900	
2027	-	-	-	370,000	11,100	381,100	381,100	100.0%
	$ -	$ 51,150	$ 51,150	$ 2,405,000	$ 238,384	$ 2,643,384	$ 2,694,534	

[1] Excludes the Refunded Bonds.

TABLE 8 - ESTIMATED INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated Tax Supported Debt Service Requirements, Fiscal Year End 9/30/2021		$ 407,384 [1]
Interest and Sinking Fund Balance at 9/30/20	766,900	
Estimated Interest and Sinking Fund Tax Lavy @ 90% Collections	185,981	952,881
Estimated Balance at 9/30/21		$ 545,497

[1] Includes the Bonds and excludes the Refunded Bonds.

TABLE 9 - AUTHORIZED BUT UNISSUED AD VALOREM TAX DEBT

The Issuer does not have any authorized but unissued tax debt.

ANTICIPATED ISSUANCE OF UNLIMITED TAX DEBT . . . After the issuance of the Bonds, the Issuer does not anticipate the issuance of any additional unlimited tax debt in fiscal year ending 2021.

TABLE 10 – OTHER OBLIGATIONS . . . The Issuer has no other outstanding financial obligations.

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FINANCIAL INFORMATION

TABLE 11 - GENERAL FUND REVENUES AND EXPENDITURES

	Ended August 31,				
Revenues	2020	2019	2018	2017	2016
Taxes	$ 406,667	$ 70,488	$ 72,945	$ 91,552	$ 71,176
Contributions from City of Alice	2,448,101	1,362,133	-	-	-
Miscellaneous Revenue	3,441	1,182	11,170	3,186	1,048
Interest and Investment Income	1,011	2,695	708	71	50
Total Revenues	$ 2,859,220	$ 1,436,498	$ 84,823	$ 94,809	$ 72,274
Expenditures					
Current:					
Administration	$ 2,462,298	$ 1,387,142	$ 63,446	$ 62,427	$ 64,088
Tax Collection & Appraissal Fees	42,389	40,544	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest & Other Changes	-	-	-	40,000	-
Total Expenditures	$ 2,504,687	$ 1,427,686	$ 63,446	$ 102,427	$ 64,088
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 354,533	$ 8,812	$ 21,377	$ (7,618)	$ 8,186
Fund Balance at the Beginning of Year	$ 76,222	$ 67,410	$ 46,033	$ 53,651	$ 45,465
Fund Balance at the End of Year	$ 430,755 (1)	$ 76,222	$ 67,410	$ 46,033	$ 53,651

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Source: Issuer's audited financial statements.
(1) Increase in FYE 2020 was to build up fund balance to reflect 3 months of reserves for expenses.

TABLE 11A – DEBT SERVICE FUND REVENUES AND EXPENDITURES

	Ended August 31,				
Revenues	2020	2019	2018	2017	2016
Taxes	$ 208,313	$ 213,647	$ 214,955	$ 206,097	$ 200,232
Contributions from City of Alice	208,650	208,275	207,525	-	208,900
Miscellaneous Revenue	-	-	424	2,686	-
Interest and Investment Income	9,225	19,261	11,792	7,182	8,286
Total Revenues	$ 426,189	$ 441,183	$ 434,696	$ 215,965	$ 417,418
Expenditures					
Current:					
Administration	$ -	$ 964	$ 651	$ 1,553	$ 3,403
Tax Collection & Appraissal Fees	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	300,000	285,000	270,000	255,000	250,000
Interest & Other Changes	117,800	132,050	145,550	158,300	168,300
Total Expenditures	$ 417,800	$ 418,014	$ 416,201	$ 414,853	$ 421,703
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 8,389	$ 23,169	$ 18,496	$ (198,888)	$ (4,285)
Fund Balance at the Beginning of Year	$ 758,511	$ 735,342	$ 716,848	$ 915,736	$ 920,021
Fund Balance at the End of Year	$ 766,900	$ 758,511	$ 735,342	$ 716,848	$ 915,736

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Source: Issuer's audited financial statements.

FINANCIAL ADMINISTRATION

The Issuer adheres to financial policies as established by the Governmental Accounting Standards Board and the Government Finance Officers Association. Objectives of financial management include: exercise a discipline which will allow the Issuer to retain a good financial position; strive to retain the best possible bond rating; give recognition to the community's needs and ability to pay; and provide future generations with the ability to borrow capital without severe financial burden. These objectives are accomplished by prudent and budgeting and effective budget control, budgeted replacement of capital equipment as the need arises, providing working capital in all funds sufficient to meet current operating needs, financial accounting and reporting in accordance with methods prescribed by the Governmental Accounting Standards Board and the Government Finance Officers Association and making such reports available to bond rating agencies and other financially interested organizations, and trying to achieve and maintain a fund balance that is at lease equivalent to 10% of the general operating budget. This should be sufficient to provide financing for necessary projects and to meet unanticipated needs.

FINANCIAL POLICIES

Basis of Accounting . . . All governmental funds, the expendable trust fund and the agency fund are accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become measurable and available as net current assets, that is, when they become susceptible to accrual. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due.

All proprietary fund and pension trust fund revenues and expenses are recognized on the accrual basis of accounting, whereby revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period on which they are incurred.

General Fund Balance . . . The Issuer's currently operates with an unencumbered fund balance of 26% of annual General Fund expenditures. Furthermore, it is the Issuer Board of Directors stated intention to maintain the fund balance at current levels.

Use of Bond Proceeds, Grants, etc . . . Bond proceeds are utilized to fund capital improvement projects. Grant proceeds are generally utilized for capital improvement projects unless otherwise specifically required under the terms of grant.

Budgetary Procedures . . . The Issuer adheres to the following procedures in establishing the operating budgets reflected in the general purpose financial statements:

(1) Sixty (60) days prior to the beginning of each fiscal year, the City Manager submits to the Board of Directora a proposed budget for the fiscal year beginning October 1.

(2) Public hearings are conducted at which all interested persons may comments concerning the proposed budget.

(3) City Board of Directors adopts the budget on or before the last day of the month of the fiscal year currently ending through passage of an appropriation ordinance and tax levying ordinance. If the Board of Directors fails to adopt the budget at that time, the budget of the previous year is deemed to be adopted.

TABLE 12 -GENERAL FIXED ASSETS

Land	$	557,713
Construction in Progress		1,132,993
Water & Sewer System		5,011,480
Building and Improvements		4,631,887
Equipment		-
	$	11,334,072

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(1) Source: Issuer's audited financial statements.

INVESTMENTS

The Issuer invests its funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Directors of the Issuer. Both state law and the Issuer's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under State law, the Issuer is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (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 the National Credit Union Share Insurance Fund or their respective successors, or otherwise meeting the requirements of the Texas Public Funds Investment Act; (8) certificates of deposit and share certificates that (i) are issued by or through an institution that has its main office or a branch in Texas and (a) are guaranteed or insured by the Federal Deposit Insurance Corporation or the National

Credit Union Share Insurance Fund or their respective successors, (b) are secured as to principal by obligations described in clauses (1) through (7) above, or (c) secured in any other manner and amount provided by law for Issuer deposits, or (ii) certificates of deposit where (a) the funds are invested by the Issuer through a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the Issuer as required by law, or a depository institution that has its main office or a branch office in the State of Texas that is selected by the Issuer; (b) the broker or the depository institution selected by the Issuer 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 Issuer; (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 Issuer appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the United States Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 as custodian for the Issuer with respect to the certificates of deposit issued for the account of the Issuer; (9) fully collateralized repurchase agreements that (i) have a defined termination date, (ii) are fully secured by a combination of cash and obligations described in clause (1), (iii) require the securities being purchased by the Issuer or cash held by the Issuer to be pledged to the Issuer, held in the Issuer's name and deposited at the time the investment is made with the Issuer or with a third party selected and approved by the Issuer, and (iv) are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (10) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time, and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (7) 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 (7) above and clauses (12) through (15) below, (ii) securities held as collateral under a loan are pledged to the Issuer, held in the Issuer's name and deposited at the time the investment is made with the Issuer or a third party designated by the Issuer, (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas, and (iv) the agreement to lend securities has a term of one year or less; (11) certain bankers' acceptances if the bankers' acceptance (i) has a stated maturity of 270 days or fewer from the date of issuance, (ii) will be, in accordance with its terms, liquidated in full at maturity, (iii) is eligible for collateral for borrowing from a Federal Reserve Bank, and (iv) is accepted by a State or Federal bank, if the short-term obligations of the accepting bank or its holding company (if the accepting bank is the largest subsidiary) are rated at least "A -1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with (i) a stated maturity of 270 days or less from the date of issuance, and (ii) a rating of at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds that are (i) registered with and regulated by the United States Securities and Exchange Commission, (ii) provide the Issuer with a prospectus and other information required by the Securities and Exchange Act of 1934, and (iii) comply with Federal Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are (i) registered with the United States Securities and Exchange Commission, (ii) have an average weighted maturity of less than two years, and (iii) either (a) have a duration of one year or more and are invested exclusively in obligations described in this paragraph, or (b) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) investment pools if the Issuer has authorized investment in the particular pool and the pool invests solely in investments permitted by the Texas Public Funds Investment Act, and is continuously rated no lower than "AAA" or "AAA-m" or at an equivalent rating by at least one nationally recognized rating service; and (16) guaranteed investment contracts that (i) have a defined termination date, (ii) are secured by obligations which meet the requirements of the Texas Public Funds Investment Act in an amount at least equal to the amount of bond proceeds invested under such contract, and (iii) are pledged to the Issuer and deposited with the Issuer or with a third party selected and approved by the Issuer.

The Issuer 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 "AAA-m" or an equivalent by at least one nationally recognized rating service. The Issuer may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or 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 Issuer retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the Issuer must do so by order, ordinance, or resolution.

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

INVESTMENT POLICIES . . .Under Texas law, the Issuer 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 Issuer funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All Issuer funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, Issuer 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 Issuer shall submit an investment report detailing: (1) the investment position of the Issuer, (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 Issuer funds without express written authority from the Issuer Board of Directors .

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

2019 LEGISLATIVE CHANGES . . In addition to the authorized investments described above, effective September 1, 2019, Chapter 2256, Texas Government Code, as amended, the Public Funds Investment Act was revised to allow political subdivisions, including the Issuer, to invest in repurchase agreements collateralized with commercial paper and in commercial paper with a stated maturity of up to 365 days. The reporting requirements for authorized investment pools were also changed.

TABLE 13 – CURRENT INVESTMENTS

As of September 30, 2020, the Issuer's investable funds were invested as follows:

Investment	Credit Rating	Weighted Average Maturity	Fair Value
LOGIC Local Government Investment Pool	AAAm	54 days	$ 7,727,982
Money Market Sweep Account	AAA		894,916
			$ 8,622,898

As of such date, the market value of such investments (as determined by the Issuer by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the Issuer are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

TAX MATTERS

OPINION . . . On the Date of Initial Delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel to the Issuer, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code").

Except as stated above, Bond Counsel to the Issuer will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX C – FORM OF BOND COUNSEL'S OPINION."

In rendering its opinion, Bond Counsel to the Issuer will rely upon (a) certain information and representations of the Issuer, including information and representations contained in the Issuer's federal tax certificate, (b) the Sufficiency Certificate; and (c) covenants of the Issuer contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the Issuer to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes.

Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the Issuer is conditioned on compliance by the Issuer with such requirements, and Bond Counsel to the Issuer has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing

Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds or the property financed with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount . . . The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

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

Collateral Federal Income Tax Consequences . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

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

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

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

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

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

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 or backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . . Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a "bank," as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The Issuer has designated the Bonds, as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the Issuer will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."

OTHER INFORMATION

RATINGS. . . S&P Global Ratings ("S&P") has rated the Bonds "AA" on the understanding that the policy of BAM insuring the scheduled payment of the principal and interest due with respect to the Bonds will be issued to BAM upon the issuance of the Bonds. See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" herein. S&P assigned its unenhanced rating of "A+" to the Bonds. An explanation of the ratings may be obtained from the companies furnishing the ratings. The foregoing ratings will reflect only the view of such organizations at the time such ratings are given, and the Issuer will make 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 the rating company if, in the judgment of such rating company, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

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

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance on June 26, 2020 of Executive Order GA-28, as amended on July 2, 2020 which, among other things, provided further guidelines for the reopening of businesses and the maximum threshold level of occupancy related to such establishments. Certain businesses, such as cybersecurity services, childcare services, youth camps, recreational programs, and religious services, do not have the foregoing limitations. The Governor's order also states, in providing or obtaining services, every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-28 continued restrictions on nursing homes, state supported living centers, assisted living facilities, or long-term care facilities unless to provide critical assistance. A subsequent Executive Order, GA-29, listed the requirements and exceptions for face coverings. On March 2, 2021, the Governor announced the end to most of his prior orders put in place regarding COVID-19. Prior capacity limits for businesses will no longer be in place so long as local COVID-19 mitigation measures are not in place.

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 Authority and its surrounding area. The City of Alice experienced a 17% (unaudited) decrease in sales tax revenues for fiscal year 2019. The City, in the current budget, implemented cost cutting measures to minimize overtime, fuel costs, and other departmental expenses to mitigate any continued effects of the Pandemic. These negative impacts may reduce or otherwise negatively affect future property values and/or the collection of sales taxes, charges, and other fees within the Authority.

The Bonds are secured by an ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds. Actions taken to slow the Pandemic are expected to continue to reduce economic activity within the Authority. A reduction in the collection of taxes may negatively impact the Authority's overall financial condition.

The Authority 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 Authority. While the potential impact of the Pandemic on the Authority cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the Authority's operations and financial condition.

INFORMATION TECHNOLOGY AND CYBERSECURITY…The Issuer depends upon information and computing technology to conduct general business operations. These systems may be subject to disruptions or security breaches that could materially disrupt the Issuer's operations, cause reputational damage and/or give rise to losses or legal liability. The Issuer continually monitors these threats, however, no assurance can be given that the Issuer will fully prevent potential business continuity or cybersecurity risks arising from events wholly or partially beyond the Issuer's control, including electrical telecommunications outages, natural disasters, or cyber-attacks, or larger scale political events, including terrorist attacks. Any such occurrence could materially and adversely affect the Issuer's operations and reputation, which could lead to decreased financial performance that insurance may not cover and may require the Issuer to expend significant resources to correct the failure or disruption.

LITIGATION. . .On the date of delivery of the Bonds to the Underwriter, the Issuer will execute and deliver to the Underwriter a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner question the validity of the Bonds.

The Issuer is not a party to any litigation or other pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the Issuer, would have a material adverse effect on the financial statements of the Issuer.

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

It is the obligation of the Underwriter to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The Issuer agrees to cooperate, at the Underwriter' written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the Issuer shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS. . .Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code), provides that the Bonds constitute negotiable instruments, and are investment securities governed by Chapter 8, Texas Uniform Commercial Code, notwithstanding any provisions of law or court decision to the contrary, and are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and, and for the sinking funds of cities, towns, villages, school Issuers, and other political subdivisions or public agencies of the State of Texas. The Bonds are eligible to secure deposits of any public funds of the state, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Chapter 2256, Texas Government Code), the Bonds may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Bonds are eligible to sure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

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

LEGAL MATTERS. . .The Issuer will furnish the Underwriter with a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the Issuer and based upon examination of such transcript of proceedings, the approval of certain legal matters by

McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel, to the effect that the Bonds are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under “TAX MATTERS,” the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, regulations, and court decisions. Bond Counsel has been retained by and only represents the Issuer. A form of Bond Counsel’s opinion appears in Appendix C attached hereto.

Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information in this Official Statement appearing under the captions and subcaptions "THE BONDS" (except for the information contained in the subcaptions "Sources and Uses of Bond Proceeds," "Default and Remedies," and "Book-Entry-Only System" as to which no opinion is expressed), “TAX MATTERS," "OTHER INFORMATION - Registration and Qualification of Bonds for Sale," "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas," "OTHER INFORMATION - Continuing Disclosure of Information" (except under the subcaption "Compliance with Prior Undertakings" as to which no opinion is expressed) and "OTHER INFORMATION - Legal Matters" (except for the last sentence of the second paragraph thereof, as to which no opinion is expressed), and such firms are of the opinion that the information contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Resolution. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by Locke Lord LLC, Austin, Texas, Counsel to the Underwriter.

Bond Counsel represents, from time to time, the Underwriter in transactions unrelated to the Bonds, but is not representing the Underwriter in connection with the issuance of the Bonds.

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

Continuing Disclosure Of Information . . . The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the Issuer’s continuing disclosure obligation, because the Issuer does not currently have outstanding more than $10,000,000 in aggregate amount of outstanding municipal securities (excluding securities offered in transactions that were exempt from the Rule 15c2-12) and no person is committed by contract or other arrangement with respect to payment of the Bonds. Pursuant to the exemption, in the Resolution, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Issuer is required to observe the agreement for so long as it remains an “obligated person” with respect to the Bonds, within the meaning of the Securities and Exchange Commission’s Rule 15c2-12 (the “Rule”). Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the “MSRB”).

Annual Reports . . . The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in this Official Statement that is customarily prepared by the Issuer and publicly available, which currently consists of an annual audited financial statement. The Issuer will update and provide this information within twelve months after the end of each fiscal year ending in and after 2020. The Issuer will provide the updated information to the MSRB in electronic format, which will be available to the public free of charge via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. 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 the Rule. The updated information will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer’s current fiscal year end is September 30. Accordingly, it must provide financial statements by March 31 in each year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB of the change.

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

AVAILABILITY OF INFORMATION FROM MSRB . . . The Issuer has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The Issuer has agreed to update information and to provide notices of specified events only as described above. The Issuer 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 Issuer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Issuer 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 and beneficial owners of the Bonds may seek a writ of mandamus to compel the Issuer to comply with its agreement.

The Issuer may amend its continuing disclosure agreement 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 Issuer, if (1) the agreement, as amended would have permitted an underwriter to purchase or sell the Bonds in the offering made hereby in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 since such offering as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of the Resolution that authorizes such amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of 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 Bonds in the primary offering of the Bonds. If the Issuer amends its agreement, it must 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 type of information and data provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the past five years, the Issuer has complied with all prior undertakings.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION. . . The financial data and other information contained herein have been obtained from Issuer'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.

FINANCIAL ADVISOR . . . Tijerina Galvan Lawrence LLC. is employed as Financial Advisor to the Issuer in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Tijerina Galvan Lawrence LLC., in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor 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 its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING . . . The Underwriter have agreed, subject to certain conditions, to purchase the Bonds from the Issuer at a price equal to the initial offering price to the public as shown on page ii of this Official Statement less an underwriting discount of $18,995.11, and no accrued interest. The Underwriter' obligation is subject to certain conditions precedent. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such offering prices, and such public prices may be changed, from time to time, by the Underwriter.

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

FORWARD LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer'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 Issuer on the date hereof, and the Issuer assumes no obligation to update any such forward-looking statements. It is important to note that the Issuer's actual results could differ materially from those 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 Issuer. 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.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the Issuer'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 orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such statutes, documents and orders for further information. Reference is made to original documents in all respects.

The Official Statement was authorized and approved by the Issuer Board of Directors in the Resolution, and the Underwriter will be furnished, upon request, at the time of payment for and the delivery of the Bonds, a certified copy of such approval, duly executed by the proper officials of the Issuer. The Resolution approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto issued on behalf of the Issuer, and authorized its further use in the reoffering of the Bonds by the Underwriter. This Official Statement has been approved by the Issuer Board of Directors of the Issuer for distribution in accordance with the provisions of the Rule.

Alice Water Authority

/s/ Robert McIntyre
President, Board of Directors

ATTEST:

/s/ Carlos Trevino
Secretary, Board of Directors

SCHEDULE I

SCHEDULE OF REFUNDED BONDS

Issue	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Unlimited Tax Revenue & Refunding Bonds, Series 2010					
Serials	8/15/2021	5.000%	$ 310,000	5/25/2021	100.00
	8/15/2022	4.000%	325,000	5/25/2021	100.00
	8/15/2023	4.000%	340,000	5/25/2021	100.00
	8/15/2024	4.000%	350,000	5/25/2021	100.00
	8/15/2025	4.000%	370,000	5/25/2021	100.00
	8/15/2026	4.000%	385,000	5/25/2021	100.00
	8/15/2027	4.000%	400,000	5/25/2021	100.00
			$ 2,480,000		

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APPENDIX A

GENERAL INFORMATION REGARDING THE ISSUER

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THE AUTHORITY

The Alice Water Authority (the "Authority") was created February 1, 1962, under Article 16, Section 59 of the Texas constitution by the Fifty Seventh Legislature of the State of Texas. The Board of Directors held its first meeting on February 23, 1962 and the first issue of bonds was sold on April 1, 1963. The Authority is authorized to provide water for municipal, domestic and industrial use. The boundaries of the Authority are coterminous with the City of Alice (the "City").

The City has entered into an agreement with the Authority for the purchase of water. The agreement provides that the City will pay to the Authority an amount which, together with ad valorem tax proceeds and any other income of the Authority, will be sufficient to pay the principal and interest due on the Authority's bonds. This payment is treated as revenue to the Debt Service Fund by the Alice Water Authority in the Financial Statements. (See "TABLE 10 – DEBT SERVICE FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES AND ANALYSIS OF CHANGES IN FUND BALANCES" herein). Water is purchased from the City of Corpus Christi and is paid for directly by the City of Alice. The Authority, along with the City of Alice, has negotiated the sale of water to the Jim Wells County Fresh Water District #1. Revenue from these sales accrues directly to the City of Alice, Texas. The Authority does not provide water directly to household users, and no such requirement exists under these agreements.

THE SYSTEM

The existing water system which is owned by the Authority consists of the Lake Corpus Christi pump station, 20.5 mile long parallel 20-inch and 30-inch diameter raw water transmission lines from Lake Corpus Christi to Lake Alice, the Lake Alice reservoir, the Lake Alice pump station and transmission line and the surface water treatment plant. The water treatment plant has rated capacity of 8.7 mgd and a peak load capacity of 12 mgd. Current average daily consumption is approximately 3.4 mgd with peak demand of 6 mgd.

Under the existing Water Contract between the Authority and the City, the City maintains and operates the water system and pays for the cost of raw water purchased by the Authority from the City of Corpus Christi. Also the Authority levies an ad valorem tax which will produce an amount of money equal to one-half of the Authority's annual debt service requirements for its tax and water revenue bonds, and the City pays an equal amount to the Authority for the Authority's annual debt service requirements.

Also the Authority and the City each own an undivided interest in the Wastewater Treatment System which consist of a 2.6 mgd mix treatment plan, 3.02 mgd extended aeration plant, lift stations, force mains and other sewer collections lines. The current daily treatment is approximately 1.8 mgd. The Authority has 25% interest and the City has 75% interest in the Wastewater Treatment System. Also, the Authority levies an ad valorem tax which will produce an amount of money equal to one-half of the Authority's annual debt service requirements for its unlimited tax and revenue bonds, and the City pays an equal amount to the Authority for the Authority's annual debt service requirements.

The Authority's water supply as contracted with the City of Corpus Christi is from the Nueces River watershed impound in Lake Corpus Christi on the Nueces River, Lake Choke Canyon on the Frio River and water purchased from the Lavaca Navidad River Authority.

ALICE WATER AUTHORITY WATER SUPPLY CONTRACT

The Authority entered into a contract dated May 4, 1962 and amended May 20, 1971 with the City of Corpus Christi, Texas whereby the City of Corpus Christi will furnish untreated water to the Authority under the terms of the Contract. The Authority constructed a raw water intake and pump station on Lake Corpus Christi, together with water transmission lines, treatment plant, storage facilities and related facilities, to deliver water to the City and other related areas. The City of Corpus Christi agrees to sell untreated water to the Authority as follows: (a) the amount of water taken in the previous twelve-month period plus ten percent, or (b) the average quantity of water taken in the highest previous three year plus ten percent, whichever is greater. The current purchase price is $0.771 per thousand gallons. The term of this contract is perpetual.

ALICE WATER AUTHORITY'S WATER CONTRACT

The Authority entered into a contract dated December 19, 1962 and amended June 16, 1967, September 1, 1983, August 1, 1990, November 26, 2001, September 10, 2010 and March 23, 2021, with the City whereby the Authority will furnish water to the City. Under the terms of the contract, the Authority shall levy a tax at the rate of $0.50 per $100 assessed valuation at 35% of market value for debt service requirements. The City will pay to the Authority the difference between the expected tax proceeds and other income and the annual debt service requirement on all of the Authority's outstanding bonds including the Bonds. With changes in basis assessment, the 0.50 tax rate is adjusted to produce approximately the same revenue as the $0.50 per $100 assessed valuation of 35% of market value. The City operates and maintains the entire water system. Payments made by the City constitute operating expenses of its Waterworks & Sewer System. The contract is in effect until all bonds are retired or refunded.

ALICE WATER AUTHORITY'S WASTE DISPOSAL CONTRACT

The Authority entered into a contract dated April 6, 1985 with the City whereby the Authority issued bonds to finance 25% of the costs of constructing a new North side wastewater treatment plant and improve the Southside treatment plant. The Authority shall levy an annual ad valorem tax to provide at least 50% of the annual debt service requirements on such bonds and any additional bonds and any reserve funds for the bonds. The City shall make payments sufficient to meet debt service and reserve requirements after taking into consideration the Authority's contribution resulting from the levy of an ad valorem tax. The contract is in effect until all bonds are retired or refunded. The City operates and maintains the entire sewer system. Payments made by the City constitute operating expenses of its Waterworks and Sewer System.

INFORMATION RELATED TO THE CITY OF ALICE, TEXAS

LOCATION:

The City is located in the middle of South Texas in the center of the larger urban complexes of San Antonio (130 miles south), and Corpus Christi (45 miles west) and the Lower Rio Grande Valley. They City is known as the "Hub City" of South Texas. Because of the City's location, it serves as the retail trade, health care and banking center for the region. In addition, the City lies midway between the Port of Corpus Christi, Texas, the sixth largest port in the United States, and Laredo, Texas (90 miles east), the gateway to Monterrey, Mexico one of Mexico's largest industrial areas. The North American Free Trade Agreement will provide many opportunities for the region and the City in particular, to be the crossroads of the highway and railroad system. The City is the County seat of Jim Wells County (the "County") and contains approximately 30.85 square miles or 19,744 acres.

GOVERNMENT:

The City was incorporated June 16, 1904 and adopted its first home rule charter on September 10, 1949 and the last amendment to this home rule charter was adopted on April 4, 1981. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highway and streets, sanitation, health and social service, culture-recreation, public improvements, planning and zoning, general administrative, and water and wastewater services. The City Manager is the Chief Executive Officer of the City and exercises supervisory authority over all appointed officials and City employees. as authorized by its charter: public safety

POPULATION[(1)]:

Census Report	City of Alice	Jim Wells County
1990	19,788	37,679
2000	19,010	3,936
2010 [(1)]	1,982	41,001

[(1)] Estimate from the U.S. Census Bureau.

ECONOMY:

Agribusiness is an important source of income for the area. The combination of rich, fertile soils and long growing seasons provide farmers and ranchers with ideal conditions. Agricultural commodities in the area include wheat, corn, hay sorghum, cotton, sunflower oil and melons. Cattle, goats, hogs, exotic animals and aquaculture are also agricultural related commodities that are significant contributors to agribusiness. The City is also a beef cattle center. Other industry located in the area include tourism and oil and gas production.

TRANSPORTATION:

The City and the County jointly own and operate the Alice International Airport. This facility has two asphalt lighted runways, one of which is 6,000 feet and the other is 5,000 feet. The facility has a fixed base operator and hanger facilities which provide central communications for private aviation, charter flights and the larger business flights to and from the area. An automated surface observing system provides updated weather information every 60 seconds, 24 hours per day. The City is also served by U.S. Highway 281 and State Highway 44 and 359. Freight lines, a bus line and a railroad provide daily transportation service to the City.

EDUCATION:

The school facilities currently provided in the City include five public elementary schools and three private elementary schools, two intermediate schools, one middle school, and one high school. The student to teacher ratio is 15:1. There are two community colleges and two four year universities locates within 45 miles of the City.

EMPLOYMENT STATISTICS[(1)]

	Jim Wells County			State of Texas		
	January 2021	January 2020	January 2019	January 2021	January 2020	January 2019
Civilian Labor Force	15,648	16,729	16,975	14,027,811	14,161,146	13,906,519
Total Employment	13,537	15,811	16,106	13,000,052	13,634,710	13,326,606
Total Unemployment	2,111	918	869	1,027,759	526,436	579,913
Percentage Unemployment	13.5%	5.5%	5.1%	7.3%	3.7%	4.2%

(1) Unemployment statistics are likely to have changed due to the impact of the COVID-19 pandemic. For the most updated date consult the Texas Workforce Commission and the U.S. Bureau of Labor Statistics (see "INTRODUCTION – Infectious Disease Outbreak – COVID – 19" herein.)

APPENDIX B

ALICE WATER AUTHORITY
ANNUAL FINANCIAL AND COMPLIANCE REPORT

For the Fiscal Year Ended September 30, 2020

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

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Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd, Suite 102
Corpus Christi, Texas 78411
Office (361)980-0482 Fax (361)980-1002

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Alice Water Authority
500 E. Main St
Alice, Texas 78332

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alice Water Authority, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Alice Water Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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.

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, each major fund, and the aggregate remaining fund information of the Alice Water Authority, 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.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information in the table of contents 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 Alice Water Authority's basic financial statements.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021 on our consideration of the Alice Water Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alice Water Authority's internal control over financial reporting and compliance.

Raul Hernandez & Company, P.C.

Corpus Christi, Texas
January 27, 2021

Our discussions and analysis of the Alice Water Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Authority's total net position increased by $500,332 or 2 percent. The portion of net position invested in capital assets increased by $567,630 for the year, while the unrestricted portion of net position decreased by ($82,632).

- Capital assets were increased with $756,137 of additions during fiscal year 2020, but were also reduced by the recording of $501,277 of depreciation expense.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements, and required supplementary information.* The basic financial statements include two kinds of statements that present different views of the Authority:

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Authority's overall financial status.

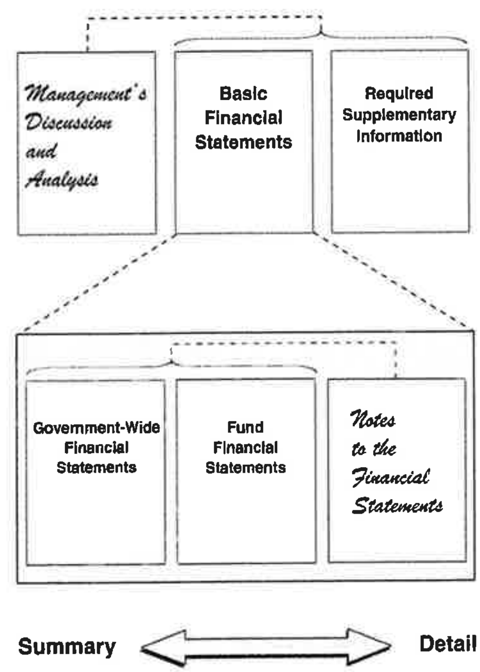
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Authority's operations in more detail than the government-wide statements.

- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses.* The Authority did not have any proprietary funds at September 30, 2020.

The Authority did not have any *Fiduciary funds* at September 30, 2020.

Figure A-1, Required Components of the Authority's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the Authority's financial statements, including the portion of the Authority government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2 Major Features of the Authority's Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Governmental Funds
Scope	Entire local Government(except) Fiduciary funds) and the authority's component units	The activities of the authority that are not proprietary or fiduciary
Required Financial Statements	*Statement of Net position* *Statement of Activities*	*Balance Sheet* *Statement of revenues, expenditures & changes in fund balances* Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial

Government-wide Statements

The two government-wide statements report the Authority's net position and how it has changed. Net position—the difference between the Authority's assets and liabilities—is one way to measure the Authority's financial health or *position*.

- Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Authority include the *Governmental activities*. Most of the Authority's basic services are included here, such as water service, and property tax revenues.

Fund Financial Statements

The fund financial statements provide more detailed information about the Authority's most significant *funds*—not the Authority as a whole. Funds are accounting devices that the Authority uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Authority establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes.

The Authority has the following kinds of funds:

- *Governmental funds*—Most of the Authority's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

Notes to the Financial Statement

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

Condensed Financial Information

Government-wide Net Position

	2020	2019
Current and other assets	$ 9,300,327	8,926,790
Capital assets	11,334,072	11,079,212
Total assets	20,634,399	20,006,002
Long-term liabilities	2,519,066	2,561,836
Other liabilities	689,886	519,052
Total liabilities	3,208,952	3,080,888
Net position:		
Invested in capital assets, net of debt	8,815,006	8,247,376
Restricted	870,992	855,658
Unrestricted	7,739,448	7,822,080
Total net position	$ 17,425,446	16,925,114

Current and other assets reflected an increase of $373,537 partly as a result of operations in the permanent improvement fund and the general fund. Capital assets were increased with $756,137 of additions during fiscal year 2020, but were also reduced by the recording of $501,277 of depreciation expense. The net position reported as restricted net position are restricted for debt service.

Unrestricted net position reflects what can be used to finance day-to-day operations without constraints established by law, debt covenants, or contractual obligations. Unrestricted net position includes $6,970,044 set aside by the Authority in the Permanent Improvement Fund. Unrestricted net position increased from the prior year, with $591,306 of tax revenues being set aside for future improvements while $756,137 was spent on capital improvements during the fiscal year. The detailed changes in total net position can be seen in the revenues and expenses discussed below.

		2020	2019
Change in net position			
Total revenues	$	4,056,932	3,081,829
Total expenses		(3,556,600)	(2,255,307)
Change in net position		500,332	826,522
Beginning net position		16,925,114	16,098,592
Ending net position	$	17,425,446	16,925,114

Total net position increased by 2% during the year. The prior year increase in net position was 5%.

		2020	2019
Revenues			
Program revenues:			
Contribution from the City of Alice	$	2,683,669	1,570,408
General revenues:			
Property taxes for general purposes		1,063,905	1,096,119
Property taxes for debt service		208,313	213,647
Miscellaneous revenues		3,441	1,182
Interest and investment earnings		97,604	200,473
Total revenues	$	4,056,932	3,081,830

		2020	2019
Expenses			
Administrative expenses	$	2,895,135	1,397,124
Tax collection and appraisal fees		42,389	40,544
Depreciation		501,277	685,589
Interest on long-term debt		117,800	132,050
Total expenses	$	3,556,601	2,255,307

Depreciation expense decreased from the previous year by the amount of $184,312. Interest expense decreased moderately as a result of the aging of bond payments, which are nearing closer to maturity.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

The Authority had $1,085,968 more in revenue in the general fund for 2020 resulting from contributions from the City of Alice for Raw Water Purchased from the City of Corpus Christi. General tax revenues had an increase of $336,179 when compared to the prior year resulting from conservative budgeting resulting from a decline in assessed tax valuations. However, the Authority had an increase in contributions from the City of Alice of $1,085,968. The combined result during the current year is an increase in the general fund of $354,533 as opposed to an increase of $8,812 from the prior year. The debt service fund reported an increase in fund balance during the 2020 fiscal year of $8,389. The permanent improvement fund reported an decrease in fund balance of ($483,382). Property tax revenue of $591,306 and $87,367 of interest revenue was earned, while $756,137 was spent on capital improvements during the fiscal year.

General Fund Budgetary Highlights

The Board of Directors approved a few amendments to the original budget prior to the end of the year. The Authority's budgeted expenditures did not change significantly from the adopted budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following capital asset information is presented net of depreciation. More detailed information can be found in the notes to the financial statements.

		2020	2019
Land	$	557,713	557,713
Construction in progress		1,132,993	650,460
Water and sewer system		5,011,480	5,333,881
Buildings and improvements		4,631,887	4,536,925
Equipment		-	234
Totals at historical cost	$	11,334,072	11,079,212

Major additions during the year include various maintenance rehabilitations at the water and waste water treatment plants.

Debt

At year end, the Authority had $2,519,066 in total debt, which is a decrease of ($312,770) from the prior year.

More detailed information about the Authority's long-term debt is presented in Note 6, pages 25-26.

		2020	2019
General obligation debt			
Series 2010	$	2,480,000	2,780,000
Add bond premium		74,621	99,011
Less deferred on refunding		(35,555)	(47,176)
Totals	$	2,519,066	2,831,836

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed officials consider many factors when setting the next year's budget and tax rates. The only significant matter in the coming year is the expected use of $4,727,256 from the permanent improvement fund for additional water plant and wastewater plant improvements.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, please direct your requests to:

Director of Finance
City of Alice
P.O. Box 3229
Alice, Texas 78333

ALICE WATER AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

ASSETS	
Cash and cash equivalents (note 2)	$ 6,861
Investments (note 2)	8,622,898
Receivables (net, where applicable, of allowances for uncollectibles, note 4):	
Accounts receivable	195,464
Property taxes	252,715
Interest and penalty on taxes	214,306
Capital assets (note 5):	
Land	557,713
Construction in progress	1,132,993
Other capital assets, net of depreciation	9,643,366
Total assets	20,634,399
LIABILITIES	
Accounts payable	669,016
Accrued interest payable	12,788
Due to other Governments	8,083
Noncurrent liabilities (note 6):	
Due within one year	310,000
Due in more than one year	2,209,066
Total liabilities	3,208,952
NET POSITION	
Invested in capital assets, net of related debt	8,815,006
Restricted for:	
Debt service	870,992
Unrestricted (deficit)	7,739,448
Total net position	$ 17,425,446

The accompanying notes are an integral part of the financial statements.

ALICE WATER AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2020

Expenses:	
Water and sewer system:	
Administrative expenses	$ 2,895,135
Tax collection and appraisal fees	42,389
Depreciation	501,277
Interest on long-term debt	117,800
Total program expenses	3,556,600
Program revenues:	
Contribution from City of Alice	2,683,669
Net program expense	872,931
General revenues:	
Property taxes levied for general purposes	1,063,905
Property taxes levied for debt service	208,313
Miscellaneous revenue	3,441
Interest and investment earnings	97,604
Total general revenues	1,373,263
Change in net assets	500,332
Net position - beginning	16,925,114
Net position - ending	$ 17,425,446

The accompanying notes are an integral part of the financial statements.

ALICE WATER AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2020

	General	Debt Service	Permanent Improvement	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ -	6,861	-	$ 6,861
Investments	800,292	754,251	7,068,354	8,622,898
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts receivable	195,463	-	1	195,464
Property taxes	35,672	48,370	168,674	252,715
Interest and penalty on taxes	11,701	70,928	131,677	214,306
Due from other funds	4,713	3,370	-	8,083
Total assets	1,047,841	883,780	7,368,706	9,300,327
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	572,249	-	96,767	669,016
Due to other funds	-	-	8,083	8,083
Total liabilities	572,249	-	104,850	677,099
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	44,837	116,880	293,812	455,529
Total Deferred Inflows of Resources	44,837	116,880	293,812	455,529
Fund Balances				
Restricted for:				
Debt service	-	766,900	-	766,900
Committed to:				
Capital projects	-	-	6,970,044	6,970,044
Unassigned	430,755	-	-	430,755
Total fund balances	430,755	766,900	6,970,044	8,167,699
Total liabilities and fund balances	$ 1,047,841	883,780	7,368,706	$ 9,300,327

Fund balance of governmental funds on the modified accrual basis above	$ 8,167,699
Add recognition of revenue from long-term receivables which was deferred above	455,529
Add net capital assets which are not treated as financial resources on the modified accrual basis	11,334,072
Subtract accrued interest on unmatured general obligation debt not reported under the modified accrual basis above	(12,788)
Subtract long-term liabilities not reported under the modified accrual basis above	(2,519,066)
Net Position of governmental activities as reported on the Statement of Net Position	$ 17,425,446

The accompanying notes are an integral part of the financial statements.

ALICE WATER AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2020

	General	Debt Service	Permanent Improvement	Total Governmental Funds
REVENUES				
Taxes	$ 406,667	208,313	591,306	$ 1,206,286
Contribution from City of Alice	2,448,101	208,650	26,918	2,683,669
Miscellaneous revenue	3,441	-	-	3,441
Interest and investment income	1,011	9,225	87,367	97,604
Total revenues	2,859,220	426,189	705,591	3,991,000
EXPENDITURES				
Current:				
Administration	2,462,298	-	432,836	2,895,135
Tax collection and appraisal fees	42,389	-	-	42,389
Capital Outlay	-	-	756,137	756,137
Debt service:				
Principal	-	300,000	-	300,000
Interest and other charges	-	117,800	-	117,800
Total expenditures	2,504,687	417,800	1,188,974	4,111,460
Excess (deficiency) of revenues over expenditures	354,533	8,389	(483,382)	(120,460)
Net change in fund balances	354,533	8,389	(483,382)	(120,460)
Fund balances - beginning	76,222	758,511	7,453,426	8,288,159
Fund balances - ending	$ 430,755	766,900	6,970,044	$ 8,167,699

The accompanying notes are an integral part of the financial statements.

ALICE WATER AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2020

Net change in fund balances - total governmental funds	$	(120,460)
Amounts reported for governmental activities in the statement of activities are different because:		
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 as depreciation expense.		
Add back capital outlays.		756,137
Subtract depreciation expense.		(501,277)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax revenues:		
Add deferred property tax revenues at the end of the year.		455,529
Subtract deferred property tax revenues at the beginning of the year.		(404,240)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Add back principal payments on long-term debt.		300,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Interest expense:		
Add amortization of bond premium.		24,391
Subtract amortization of deferred amount on refunding.		(11,622)
Subtract unmatured accrued interest at the end of the year.		(12,788)
Add unmatured accrued interest at the beginning of the year.		14,661
Change in net assets of governmental activities	$	500,332

The accompanying notes are an integral part of the financial statements.

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ALICE WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The Alice Water Authority "the Authority" was created February 1, 1962, under Article 16, Section 59 of the Texas Constitution by the Fifty-Seventh Legislature of the State of Texas. The Board of Directors held its first meeting on February 23, 1962, and the first issue of bonds was sold on April 1, 1963. The Authority is authorized to provide water for municipal, domestic, and industrial use.

The City of Alice (the principal customer of the Authority) has entered into an agreement with the Alice Water Authority for the purchase of water. This agreement provides that the City will pay to the Authority an amount which together with ad valorem tax proceeds and any other income of the Authority will be sufficient to pay the principal and interest due on the Authority's bonds. This payment is treated as revenue to the Debt Service Fund by the Alice Water Authority in the accompanying financial statements. Water is purchased from the City of Corpus Christi and is paid for directly by the Alice Water Authority. The Authority, along with the City of Alice, has negotiated the sale of water to the Jim Wells County Fresh Water District #1. Revenue from these sales accrues directly to the City of Alice, Texas. The Authority does not provide water directly to household users, and no such requirement exists under these agreements.

The accounting policies of the Alice Water Authority conform to generally accepted accounting principles as applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant of such policies.

A. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. The government-wide financial statements provide information about the activities of the Authority as a whole presenting all assets, liabilities, and changes in net assets of the Authority and any component units except for information about any fiduciary activities and components units which are fiduciary in nature (of which the Authority has none). These statements are prepared using the accrual basis of accounting.

Separate rows and columns are used in government-wide statements to distinguish between governmental activities, business-type activities, and activities of component units, with a total column for the governmental and business-type activities of the primary government before the presentation of any discretely presented component units. The Authority has only governmental activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

B. SCOPE OF THE REPORTING ENTITY

The Authority has used the criteria detailed in GASB Statement 14 to determine whether or not certain entities should be included in the accompanying financial statements. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. There are no legally separate organizations which fall within the financial reporting entity of the Authority. In addition, the Authority is not a component unit of any other organization.

C. FUND FINANCIAL STATEMENTS

Fund financial statements are used to present more detailed information about the Authority's most significant funds. Separate fund financial statements are prepared for governmental funds, proprietary funds, and fiduciary funds. The Authority has no proprietary or fiduciary funds. The governmental fund financial statements place an emphasis on major funds. Those funds which are determined to be major funds are presented in separate columns, with any nonmajor funds being aggregated and displayed in a single column. Interfund receivable and payable balances and transfers between funds have not been eliminated in the fund financial statements.

The Authority has reported the following major governmental funds:

General Fund – The General Fund accounts for all revenues and expenditures of the Authority which are not required to be accounted for in other funds. The major function of the Authority's General Fund is administrative.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general obligation long-term debt principal, interest, and related costs.

Permanent Improvement Fund – This fund accounts for the accumulation of resources for capital improvements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to whether a particular type of transaction will be recorded in the financial statements. The economic resources measurement focus recognizes all resources and obligations and the changes in them. The current financial resources measurement focus recognizes only current resources and obligations and transactions affecting current resources and obligations. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide financial statements
The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements specific to the class of non-exchange transaction. For the government-wide financial statements prepared on the accrual basis, property tax revenues are recognized in the period for which the taxes are levied.

Fund financial statements – governmental funds
The fund financial statements for the governmental funds are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. This measurement focus affects the accounting and reporting treatment of capital assets and long-term liabilities. The capital assets and long-term liabilities of the governmental activities are not recorded on the balance sheet of the fund financial statements of the governmental funds. Transactions for the purchase of assets, the issuance of debt, and the payment of debt principal are reflected in the governmental funds, but they are reported on the statement of revenues, expenditures, and changes in fund balances as capital outlay and debt service principal expenditures and proceeds from debt.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become measurable and available and recognizes expenditures in the accounting period in which the fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal period. All revenues of the Authority are considered susceptible to accrual except for revenue from delinquent property taxes receivable.

While the Authority expects all taxes on real property to ultimately be collectible, the bulk of delinquent property taxes receivable at the end of the fiscal year are not anticipated to be collected soon enough thereafter to be used to pay liabilities of the current period. Therefore, revenue from delinquent property taxes receivable is not recognized in the fund financial statements unless collected during the current period.

E. CASH AND CASH EQUIVALENTS

Cash on the balance sheet represents demand accounts with the Authority's depository bank. Any investments in certificates of deposit, U.S. government debt securities, local government investment pools and money market mutual funds are recorded as investments and are not treated as cash or cash equivalents.

F. INVESTMENTS

Investments are stated at fair value. The Authority is authorized to invest in certificates of deposit at its depository bank, obligations of the United States of America, and investment pools and no-load money market mutual funds which meet the conditions of the State of Texas Public Funds Investment Act. Money market mutual funds must be no-load funds which are regulated by the Securities and Exchange Commission, have a dollar-weighted average stated maturity of 90 days or fewer, and include the investment objective of the maintenance of a stable net asset value of $1 for each share.

G. CAPITAL ASSETS

Capital assets are defined by the Authority as assets with an initial, individual cost of more than $1,200 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water and Sewer Systems	20-33 years
Buildings	20-33 years
Improvements	10-33 years
Machinery and Equipment	5-15 years

H. LONG-TERM DEBT

In the government-wide financial statements, bonds payable are reported net of any applicable bond premium or discount. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds as an adjustment to interest expense. Bond issuance costs are reported as deferred charges.

In the fund financial statements, the face amount of debt issued and any premium received are reported as other financing sources, while discounts on debt issued are reported as other financial uses, and issuance costs are reported as debt service expenditures.

I. USE OF RESTRICTED RESOURCES

When an expense is incurred for purposes for which both restricted net assets and unrestricted net assets are available, the Authority's policy is to first apply restricted resources.

J. PROGRAM REVENUES AND INDIRECT EXPENSES

The government-wide statement of activities is presented in a format that identifies the net cost of the Authority's individual functions. The expenses of each function are reduced by the functions program revenues. Program revenues are revenues which derive directly from the program itself and include charges for services, program-specific operating grants and contributions, and program specific capital grants and contributions.

Some governmental functions such as administration are in essence indirect expenses of other functions. Governments are not required to allocate those indirect expenses to other functions, but if they do, indirect expenses should be presented in a separate column from direct expenses. The Authority has chosen not to allocate those indirect expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. ESTIMATES

Preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Items for which estimates are necessary include the amount of receivables which may not be collectible and service lives and salvage values of depreciable assets. Estimates also include the likelihood of loss and potential loss amount in the event that contingencies such as litigation arise.

L. FUND BALANCES

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the Authority's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints of their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the Authority intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Authority itself.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

2. DEPOSITS AND INVESTMENTS

At September 30, 2020, the carrying amount of the Authority's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $6,861 and the bank balance was $6,861 and was entirely covered by FDIC insurance or properly secured by collateral held by the Authority's agent in the Authority's name.

The Authority is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the Investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the Authority adhered to the requirements of the Act.

The Act determines the types of investments which are allowable for the County. These Include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

2. DEPOSITS AND INVESTMENTS (continued)

The Authority's investments at September 30, 2020 are shown below:

Investment	Credit Rating	Weighted Average Maturity		Fair Value
LOGIC local government investment pool	AAAm	54 days	$	7,727,982
Money Market Sweep Account	AAA			894,916
			$	8,622,898

Public Funds Investment Pools

Public Funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

The Authority's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value, which equals fair value. A 2a7-like pool is one which is not registered with the Securities & Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the Authority was exposed to the following specific investment risks at year end and if so, the reporting of the certain related disclosures:

ALICE WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

2. DEPOSITS AND INVESTMENTS (continued)

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the Authority was exposed to the following specific investment risks at year end and if so, the reporting of the certain related disclosures

Credit Risk. The Authority's investment policy does not restrict investments in pools to a specific credit rating, but does require the pool to meet the requirements of the Public Funds Investment Act of the Texas Government Code. LOGIC was rated AAAm by Standard & Poor's at year end. The Money Market Sweep Account was rated AAA by Standard & Poor's and Aaa by Moody's at year end.

Custodial Credit Risk of Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority maintains a depository contract which requires its bank to pledge securities to the Authority in an amount sufficient to secure the total amount of the Authority's funds on deposit, less any portion of the deposit balance which is secured by FDIC coverage. At the end of the fiscal year, the Authority's was not exposed to custodial credit risk.

Concentration of Credit Risk. Investments in pools are excluded from requirements related to disclosure of concentration of credit risk in any one issuer. At the end of the fiscal year, the Authority was not exposed to concentration of credit risk.

Interest Rate Risk. In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the weighted average maturity of its investments and operating funds to no greater than 90 days, and its investments of debt service funds to no greater than 180 days. At end of the fiscal year, the Authority was not significantly exposed to interest rate risk.

Foreign Currency Risk. This is the risk that exchange rates will adversely affect the fair value of an investment. At the end of the fiscal year, the Authority was not exposed to foreign currency risk.

3. AD VALOREM PROPERTY TAXES

Property taxes are levied on October 1 on assessed values as of January 1 for all real and personal property located in the Authority. Taxes are due upon receipt of the tax statement and become delinquent on February 1. On January of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The October 1, 2019 levy was based upon 100 percent of the assessed market value of $796,549,608. The tax rate for the October 1, 2019 levy was $.152576. If the effective tax rate, excluding tax rates for bonds and other contractual obligations and adjusted for new improvements, exceeds the rate for the previous year by more that 8 percent, qualified voters of the Authority may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of the previous year. The county-wide Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100 percent of its appraised value. The value of property within the Appraisal District must be reviewed at least every five years. The Authority may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action.

4. RECEIVABLES

Receivables are recorded net of allowances for uncollectible accounts as follows:

	Gross Receivables	Allowance for Collectibles	Net Receivables
General Fund			
Property taxes receivable	$ 43,584	(7,912)	$ 35,672
Interest and penalty on taxes	11,701	-	11,701
Debt Service Fund			
Property taxes receivable	68,996	(20,626)	48,370
Interest and penalty on taxes	70,928	-	70,928
Permanent Improvement Fund			
Property taxes receivable	220,523	(51,849)	168,674
Interest and penalty on taxes	131,677	-	131,677

ALICE WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

5. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Primary Government			
	Beginning Balances	Additions Capital Outlay Expenditures	Other Additions, Deletions, Reclassifications	Ending Balances
General fixed assets				
Land	$ 557,713	$ -	$ -	$ 557,713
Construction in progress	650,460	482,534	-	1,132,993
Total general fixed assets	1,208,172	482,534	-	1,690,706
Other capital assets:				
Water System	21,058,986	13,010	-	21,071,996
Buildings and improvements	6,232,336	260,594	-	6,492,930
Equipment	4,247	-	-	4,247
Total other capital assets at historical cost	27,295,569	273,603	-	27,569,172
Less accumulated depreciation for:				
Water and sewer system	(15,725,105)	(335,411)	-	(16,060,516)
Buildings and improvements	(1,695,411)	(165,633)	-	(1,861,043)
Equipment	(4,013)	(234)	-	(4,247)
Total accumulated depreciation	(17,424,529)	(501,277)	-	(17,925,806)
Other capital assets, net	9,871,040	(227,674)	-	9,643,366
Governmental activities capital assets, net	$ 11,079,213	$ 254,860	$ -	$ 11,334,072

Depreciation expense of $501,277 was all charged to operations.

6. LONG-TERM DEBT

Long-term debt at September 30, 2020, consists of the following items:
General Obligation Bonds – Payable out of the Debt Service Fund

$4,760,000 Series 2010 unlimited tax and revenue refunding bonds due in annual installments of $225,000 to $400,000 through 8/15/27; interest at 2.0% to 5.0%; redemption privilege see (A) below	$ 2,480,000

(A) Callable on August 15, 2020, or on any date thereafter, in whole, or in part, at par plus unpaid accrued interest.

6. LONG-TERM DEBT (Continued)

The bonds are payable and secured by a pledge of the net revenues of the Authority and are further payable from proceeds of as valorem tax levied upon all taxable property in the Authority. Revenue bond covenants include the requirement that the Authority maintain rates sufficient to pay the debt service requirements of the debt. The Authority is in compliance with all significant limitations and restrictions contained in the debt agreements.

The following is a summary of long-term debt transactions for the year ended September 30, 2020.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities					
Bonds payable:					
Series 2010	$ 2,780,000	-	(300,000)	2,480,000	$ 310,000
	2,780,000	-	(300,000)	2,480,000	310,000
Add bond premium	99,012	-	(24,391)	74,621	-
Less deferred on refunding	(47,176)	-	11,622	(35,555)	-
Governmental activities long-term liabilities	$ 2,831,836	-	(312,770)	2,519,066	$ 310,000

The aggregate future debt service requirements on outstanding long-term debt are as follows:

Year Ended September 30	General Obligation Principal	General Obligation Interest
2021	310,000	102,300
2022	325,000	86,800
2023	340,000	73,800
2024	350,000	60,200
2025-2029	1,155,000	93,600
	$ 2,480,000	416,700

6. LONG-TERM DEBT (Continued)

On November 4, 2010 the Authority issued $4,760,000 in Series 2010 Unlimited Tax and Revenue Refunding Bonds with an average stated interest rate of 4.2% at a premium of $378,871. After the premium and after issuance costs of $188,604, the 2010 bonds were issued at an effective interest rate of 3.7%. The 2010 bonds were issued to advance refund $4,785,000 of outstanding 2001 Series bonds with an average interest rate of 5.2%.

The net proceeds of $4,950,267 ($4,760,000 plus the premium of $378,871 less issuance costs of $188,604) plus an additional $67,943 of interest and sinking funds from the Authority were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 Series bonds. As a result, the 2001 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $180,519. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2027 using the effective-interest method. The Authority completed the advance refunding to reduce its total debt service payments over the next 16 years by $452,925 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of $335,508.

7. RISK MANAGEMENT

The property and the Board of the Alice Water Authority are included in the City of Alice coverage for property, general liability and public officials' liability. The City participates in the Texas Municipal League joint self insurance fund, which is a public entity risk pool. The premiums paid to TML result in the transfer of risk to the pool.

8. BUDGETARY REPORTING

The Authority adopts an annual budget which is prepared using the GAAP basis modified accrual basis of accounting. The Board of Directors may amend the budget as required throughout the year. Budgeted expenditures for professional and technical services in the general fund had no significant changes.

ALICE WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

9. FUND BALANCES

The Authority has restricted, committed, and unassigned fund balance as follows.

Restricted Fund Balances:	
Debt Service	$ 766,900
Committed Fund Balances:	
Permanent Fund-Capital Projects	6,970,044
Unassigned:	430,755
Total Fund Balance	$8,167,699

10. GASB 63

GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are the consumption of net assets by the government that is applicable to a future reporting period and deferred inflows of resources are the acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are incorporated into the definitions of the required components of the residual measure and that measure is renamed as net position, rather than net assets.

11. EVALUATION OF SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through January 27, 2021 the date which the financial statements were available to be issued.

The 2020 COVID-19 (Coronavirus) pandemic has caused extensive disruptions to businesses in America and the entire World. In the face of these disruptions, the fluid situation has become difficult to assess the likely impact to not only the economy in America but also the local economy. The Alice Water Authority, is striving to be highly attuned and is maintaining a heightened state of readiness for the principal risks and increased uncertainties ahead. Given the potential for rapid spreading of the virus, management will be evaluating the current and potential effects on its operations and financial reporting.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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McCALL PARKHURST & HORTON

Focused on Public Finance since 1919.

May __, 2021

ALICE WATER AUTHORITY
UNLIMITED TAX AND REVENUE REFUNDING BONDS, SERIES 2021
DATED MAY 1, 2021
IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,405,000

AS BOND COUNSEL FOR THE ALICE WATER AUTHORITY (the "Issuer") in connection with the issuance of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds until maturity at the rates and payable on the dates as stated in the text of the Bonds, and which mature on the dates all in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the Resolution (defined herein) of the Issuer authorizing the issuance and sale of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds including (i) the resolution and approval certificate authorizing the issuance of the Bonds (collectively, the "Resolution"), (ii) an Escrow Agreement, dated as of May 1, 2021, between the Issuer and BOKF, NA, Dallas, Texas, as Escrow Agent thereunder (the "Escrow Agreement"), (iii) the certificate of Tijerina Galvan Lawrence LLC, with respect to the adequacy of certain escrowed funds to accomplish the refunding purposes of the Bonds (the "Sufficiency Certificate"), (iv) one of the executed Bonds (Bond No. T-1), and (v) the Issuer's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued and delivered in accordance with law; and that except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Bonds constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, without limit as to rate or amount; and that the Bonds are additionally secured by a lien on and pledge of surplus "Net Revenues" of the Issuer's Water and Sewer System, all as provided in the Resolution.

IT IS FURTHER OUR OPINION that the Escrow Agreement has been duly authorized, executed and delivered by the Issuer and constitutes a binding and enforceable agreement in accordance with its terms and that the "Refunded Bonds" (as defined in the Resolution) being refunded by the Bonds are outstanding under the resolution authorizing their issuance only for the purpose of receiving the funds provided by, and are secured solely by and payable solely from, the Escrow Agreement and the cash and investments, if any, including the income therefrom, held by the Escrow Agent pursuant to the Escrow Agreement. In rendering this opinion, we have relied upon the certifications contained in the Sufficiency

Certificate as to the sufficiency of the cash and investments, if any, deposited pursuant to the Escrow Agreement for the purpose of paying the principal of, redemption premium, if any, and interest on the Refunded Bonds.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed or refinanced therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on Bonds executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

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APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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TGL TIJERINA GALVAN LAWRENCE LLC
Financial Consulting