NEW ISSUE- BOOK-ENTRY-ONLY

Ratings: "AA" (BAM Insured)
S&P "AA-" (Underlying)
(See: "BOND INSURANCE", "BOND INSURANCE GENERAL RISKS", and "OTHER PERTINENT INFORMATION-Rating")

OFFICIAL STATEMENT
December 7, 2023

In the opinion of Bond Counsel (identified below), assuming continuing compliance by the Issuer (defined below) after the date of initial delivery of the 2023A Certificates (defined below) with certain covenants contained in the 2023A Ordinance (defined below) and subject to the matters described under "TAX MATTERS" herein, interest on the 2023A Certificates under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code, as amended to the date of initial delivery of the 2023A Certificates and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. (See "TAX MATTERS" herein.)

The Issuer HAS NOT designated the 2023A Certificates as "Qualified Tax-Exempt Obligations" for financial institutions.

$7,325,000
CITY OF PLEASANTON, TEXAS
(A political subdivision of the State of Texas located in Atascosa County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023A

Dated Date: December 15, 2023 **Due: August 1, as shown on page 2**

The $7,325,000 City of Pleasanton, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023A (the "2023A Certificates") are being issued pursuant to the Constitution and the general laws of the State of Texas, including Texas Local Government Code, Subchapter C, Chapter 271, as amended, and Chapter 1502, as amended, Texas Government Code, an ordinance (the "2023A Ordinance") adopted by the City Council (the "City Council") of the City of Pleasanton, Texas (the "City" or "Issuer"), on December 7, 2023, and the City's Home Rule Charter. (See "THE OBLIGATIONS - Authority for Issuance" herein.)

The 2023A Certificates are being offered by the City concurrently with the "City of Pleasanton, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023B" (the "2023B Certificates") under this common Official Statement, and such 2023A Certificates and 2023B Certificates are hereinafter referred to collectively as the "Obligations". However, each series of Obligations are separate securities and shall be viewed as such.

The 2023A Certificates constitute direct and general obligations of the Issuer payable from proceeds of an ad valorem tax levied annually against all taxable property therein, within the limits prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (as described and defined in the 2023A Ordinance), being a limited amount of the Net Revenues (as described and defined in the 2023A Ordinance) derived from the operation of the City's combined utility system (the "System"), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City previously authorized the issuance of the currently outstanding Limited Pledge Obligations (as described and defined in the 2023A Ordinance) which are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner provided in the ordinances authorizing the issuance of the Limited Pledge Obligations. In the 2023A Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations, while the 2023A Certificates are outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise. (See "THE OBLIGATIONS - Security for Payment" herein.)

Interest on the 2023A Certificates will accrue from the Dated Date as shown above and payable on February 1 and August 1 of each year, commencing August 1, 2024, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive 2023A Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the 2023A Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the 2023A Certificates ("Beneficial Owners") will not receive physical delivery of 2023A Certificates representing their interest in the 2023A Certificates purchased. So long as DTC or its nominee is the registered owner of the 2023A Certificates, the principal of and interest on the 2023A Certificates will be payable by BOKF, NA, Dallas, Texas, as the initial paying agent/registrar to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the 2023A Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the 2023A Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the System; (2) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the System improvements; and (3) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects and to pay the costs associated with the issuance of the 2023A Certificates. (See "THE OBLIGATIONS - Use of 2023A Certificate Proceeds" herein.)

BAM

The scheduled payment of principal of and interest on the 2023A Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2023A Certificates by BUILD AMERICA MUTUAL ASSURANCE COMPANY (See "BOND INSURANCE" herein).

SEE PAGE 2 FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE 2023A CERTIFICATES

The 2023A Certificates are offered for delivery, when, as and if issued and received by the initial purchasers named below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Cantu Harden Montoya LLP, San Antonio, Texas, Bond Counsel. Certain matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas. The legal opinion of Bond Counsel will be printed on or attached to the 2023A Certificates. (See APPENDIX C – Form of Legal Opinions of Bond Counsel.) It is expected that the 2023A Certificates will be available for delivery through DTC on or about December 28, 2023.

FHN Financial Capital Markets **Estrada Hinojosa**

$7,325,000
CITY OF PLEASANTON, TEXAS
(A political subdivision of the State of Texas located in Atascosa County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023A

MATURITY SCHEDULE
(Due August 1)

CUSIP Prefix No. 728857[1]

Stated Maturity 8/1	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix [1]	Stated Maturity 8/1	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix [1]
2024	$100,000	5.000%	3.140%	RE5	2034	$365,000	5.000%	2.960%[2]	RQ8
2025	235,000	5.000%	2.980%	RF2	2035	385,000	5.000%	3.070%[2]	RR6
2026	250,000	5.000%	2.880%	RG0	2036	405,000	5.000%	3.200%[2]	RS4
2027	260,000	5.000%	2.810%	RH8	2037	425,000	5.000%	3.350%[2]	RT2
2028	275,000	5.000%	2.790%	RJ4	2038	445,000	5.000%	3.450%[2]	RU9
2029	290,000	5.000%	2.810%	RK1	2039	470,000	5.000%	3.560%[2]	RV7
2030	300,000	5.000%	2.820%	RL9	2040	490,000	5.000%	3.630%[2]	RW5
2031	315,000	5.000%	2.850%	RM7	2041	515,000	5.000%	3.690%[2]	RX3
2032	335,000	5.000%	2.890%	RN5	2042	545,000	5.000%	3.760%[2]	RY1
2033	350,000	5.000%	2.910%	RP0	2043	570,000	5.000%	3.810%[2]	RZ8

(Interest to accrue from Dated Date)

The Issuer reserves the right to redeem the 2023A Certificates maturing on or after August 1, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on August 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. (See "THE OBLIGATIONS - Redemption Provisions of the Obligations” herein.)

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[2] Yield calculated based on the assumption that the 2023A Certificates denoted and sold at premium will be redeemed on August 1, 2033, the earliest date of redemption for the 2023A Certificates, at a price of par plus accrued interest to the date of redemption.

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NEW ISSUE- BOOK-ENTRY-ONLY

Ratings: "AA" (INSURED)
S&P"AA-" (UNDERLYING)
(See: "BOND INSURANCE", "BOND INSURANCE GENERAL RISKS", and "OTHER PERTINENT INFORMATION-Rating")

OFFICIAL STATEMENT

December 7, 2023

In the opinion of Bond Counsel (identified below), assuming continuing compliance by the Issuer (defined below) after the date of initial delivery of the 2023B Certificates (defined below) with certain covenants contained in the 2023B Ordinance (defined below) and subject to the matters described under "TAX MATTERS" herein, interest on the 2023B Certificates under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code, as amended to the date of initial delivery of the 2023B Certificates and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. (See "TAX MATTERS" herein.)

The Issuer HAS NOT designated the 2023B Certificates as "Qualified Tax-Exempt Obligations" for financial institutions.

$9,580,000
CITY OF PLEASANTON, TEXAS
(A political subdivision of the State of Texas located in Atascosa County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023B

Dated Date: December 15, 2023 **Due: August 1, as shown on page 4**

The $9,580,000 City of Pleasanton, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023B (the "2023B Certificates") are being issued pursuant to the Constitution and the general laws of the State of Texas, including Texas Local Government Code, Subchapter C, Chapter 271, as amended, and Chapter 1502, as amended, Texas Government Code, an ordinance ("2023B Ordinance") adopted by the City Council (the "City Council") of the City of Pleasanton, Texas (the "City" or "Issuer"), on December 7, 2023, and the City's Home Rule Charter. (See "THE OBLIGATIONS - Authority for Issuance" herein.)

The 2023B Certificates are being offered by the City concurrently with the "City of Pleasanton, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023A" (the "2023B Certificates") under this common Official Statement, and such 2023A Certificates and 2023B Certificates are hereinafter referred to collectively as the "Obligations". However, each series of Obligations are separate securities and shall be viewed as such.

The 2023B Certificates constitute direct and general obligations of the Issuer payable from proceeds of an ad valorem tax levied annually against all taxable property therein, within the limits prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (as described and defined in the 2023B Ordinance), being a limited amount of the Net Revenues (as described and defined in the 2023B Ordinance) derived from the operation of the City's combined utility system (the "System"), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City previously authorized the issuance of the currently outstanding Limited Pledge Obligations (as described and defined in the 2023B Ordinance) which are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner provided in the ordinances authorizing the issuance of the Limited Pledge Obligations. In the 2023B Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations, while the 2023B Certificates are outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise. (See "THE OBLIGATIONS - Security for Payment" herein.)

Interest on the 2023B Certificates will accrue from the Dated Date as shown above and payable on February 1 and August 1 of each year, commencing August 1, 2024, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive 2023B Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the 2023B Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the 2023B Certificates ("Beneficial Owners") will not receive physical delivery of 2023B Certificates representing their interest in the 2023B Certificates purchased. So long as DTC or its nominee is the registered owner of the 2023B Certificates, the principal of and interest on the 2023B Certificates will be payable by BOKF, NA, Dallas, Texas, as the initial paying agent/registrar to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the 2023B Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the 2023B Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the System; (2) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's municipal airport; (3) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's municipal parks and recreational facilities; (4) constructing street improvements (including utilities repair, replacement, and relocation), curb, gutters, and sidewalk improvements and drainage incidental thereto; (5) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the aforementioned projects; and (6) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects and to pay the costs associated with the issuance of the 2023B Certificates. (See "THE 2023B CERTIFICATES - Use of Certificate Proceeds" herein.)

The scheduled payment of principal of and interest on the 2023B Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2023B Certificates by BUILD AMERICA MUTUAL ASSURANCE COMPANY (See "BOND INSURANCE" herein).

SEE PAGE 4 FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE 2023B CERTIFICATES

The 2023B Certificates are offered for delivery, when, as and if issued and received by the initial purchasers named below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Cantu Harden Montoya LLP, San Antonio, Texas, Bond Counsel. Certain matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas. The legal opinion of Bond Counsel will be printed on or attached to the 2023B Certificates. (See APPENDIX C – Form of Legal Opinions of Bond Counsel.) It is expected that the 2023B Certificates will be available for delivery through DTC on or about December 28, 2023.

FHN Financial Capital Markets **Estrada Hinojosa**

$9,580,000
CITY OF PLEASANTON, TEXAS
(A political subdivision of the State of Texas located in Atascosa County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023B

MATURITY SCHEDULE
(Due August 1)

CUSIP Prefix No. 728857[1]

Stated Maturity 8/1	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix [1]	Stated Maturity 8/1	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix [1]
2025	$ 315,000	5.000%	2.980%	SA2	2035	$ 510,000	5.000%	3.070%[2]	SL8
2026	330,000	5.000%	2.880%	SB0	2036	535,000	5.000%	3.200%[2]	SM6
2027	345,000	5.000%	2.810%	SC8	2037	565,000	5.000%	3.350%[2]	SN4
2028	365,000	5.000%	2.790%	SD6	2038	590,000	5.000%	3.450%[2]	SP9
2029	380,000	5.000%	2.810%	SE4	2039	620,000	5.000%	3.560%[2]	SQ7
2030	400,000	5.000%	2.820%	SF1	2040	655,000	5.000%	3.630%[2]	SR5
2031	420,000	5.000%	2.850%	SG9	2041	685,000	5.000%	3.690%[2]	SS3
2032	440,000	5.000%	2.890%	SH7	2042	720,000	5.000%	3.760%[2]	ST1
2033	465,000	5.000%	2.910%	SJ3	2043	755,000	5.000%	3.810%[2]	SU8
2034	485,000	5.000%	2.960%[2]	SK0					

(Interest to accrue from Dated Date)

The Issuer reserves the right to redeem the 2023B Certificates maturing on or after August 1, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on August 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. (See "THE OBLIGATIONS - Redemption Provisions of the Obligations" herein.)

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(2) Yield calculated based on the assumption that the 2023B Certificates denoted and sold at premium will be redeemed on August 1, 2033, the earliest date of redemption for the 2023B Certificates, at a price of par plus accrued interest to the date of redemption.

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CITY OF PLEASANTON, TEXAS

ELECTED OFFICIALS

Name	Years Served	Term Expires (May)
Clinton J. Powell Mayor	14	2025
Robert Leonhardt Councilmember, District 1	6	2024
Joey Macon Councilmember, District 2	1	2025
Jaime Trevino, Councilmember, District 3	1	2025
JR Gallegos, Councilmember, District 4	5	2024
Lillian Cashmer, Councilmember, District 5	2	2024
Jeanne B. Israel, Councilmember, District 6	2	2024

ADMINISTRATION

Name	Position	Length of Service with the City (Years)
Johnny Huizar	City Manager	32
Raquel Navarro	Director of Finance	16
Cassie Garcia	Assistant Director of Finance	6
Andres Aguirre	City Secretary	9

CONSULTANTS AND ADVISORS

Bond Counsel .... Cantu Harden Montoya LLP
San Antonio, Texas

Certified Public Accountants .... ABIP, PC
San Antonio, Texas

Financial Advisor .... SAMCO Capital Markets, Inc.
San Antonio, Texas

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Senior Managing Director
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USE OF INFORMATION IN THE OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.

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

THE OBLIGATIONS 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 OBLIGATIONS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE OBLIGATIONS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM, OR THE INSURER, IF ANY, AND ITS MUNICIPAL BOND INSURANCE POLICY DESCRIBED HEREIN (OR INCORPORATED BY REFERENCE) UNDER THE HEADING "BOND INSURANCE, AND "BOND INSURANCE GENERAL RISKS", AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC AND THE BOND INSURER, RESPECTIVELY.

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. 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 "APPENDIX E - Specimen Municipal Bond Insurance Policy".

TABLE OF CONTENTS

The cover page, subsequent pages hereof, and appendices attached hereto, are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer	The City of Pleasanton, Texas (the "City" or "Issuer") was originally incorporated on November 25, 1916. The Cities of Pleasanton and North Pleasanton were consolidated on January 2, 1962. The City operates under a Council/Manager form of government with a Mayor and six Councilmembers. The City is a home rule municipality operating under its own Charter, amended as of May 9, 2015. The City of Pleasanton is the largest city and principal commercial center of Atascosa County, Texas. It is located on U.S. Highway 281, 25 miles south of the San Antonio metropolitan area. (See APPENDIX B - "General Information Regarding the City of Pleasanton and Atascosa County, Texas" herein.)
The Obligations	The Obligations are being issued pursuant to the Constitution and the general laws of the State of Texas, including the Certificate of Obligation Act of 1971 Subchapter C (Sections 271.041 through 271.064), Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, separate ordinances for the 2023A Certificates and the 2023B Certificates, respectively, adopted by the City Council of the City (the "2023A Ordinance" and the "2023B Ordinance," respectively, and together, the "Ordinances") on December 7, 2023, and the City's Home Rule Charter. (See "THE OBLIGATIONS - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Obligations is BOKF, NA, Dallas, Texas.
Security	The Obligations constitute direct and general obligations of the Issuer payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinances), being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the "System"), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City has previously authorized the issuance of the currently outstanding Limited Pledge Obligations (as identified and defined in the Ordinances) that are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner and as described in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinances, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinances), while the Obligations are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise (See "THE OBLIGATIONS - Security for Payment" herein.)
Redemption Provision of the Obligations	The Issuer reserves the right, at its sole option, to redeem Obligations stated to mature on or after August 1, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. (See "THE OBLIGATIONS - Redemption Provisions of the Obligations" herein.)
Tax Matters	In the opinion of Bond Counsel, under existing law, interest on the Obligations is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "TAX MATTERS" for a discussion of the opinions of Bond Counsel.
Use of 2023A Certificate Proceeds	Proceeds from the sale of the 2023A Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the System; (2) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the System improvements; and (3) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects and to pay the costs associated with the issuance of the 2023A Certificates. (See "THE OBLIGATIONS – Use of 2023A Certificate Proceeds" herein.)

Use of 2023B Certificate Proceeds

Proceeds from the sale of the 2023B Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the System; (2) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's municipal airport; (3) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's municipal parks and recreational facilities; (4) constructing street improvements (including utilities repair, replacement, and relocation), curb, gutters, and sidewalk improvements and drainage incidental thereto; (5) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the aforementioned projects; and (6) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects and to pay the costs associated with the issuance of the 2023B Certificates. (See "THE OBLIGATIONS - Use of 2023B Certificate Proceeds" herein.)

Bond Insurance

The scheduled payment of principal of and interest on each series of the Obligations when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Obligations by Build America Mutual Assurance Company ("BAM"). (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)

Ratings

Each of the Obligations are rated "AA" (stable outlook) by S&P Global Ratings, a division of S&P Global ("S&P"), by virtue of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company. S&P has assigned an underlying, unenhanced rating of "AA-" to each of the Obligations without regard to credit enhancement. An explanation of the significance of such rating may be obtained from S&P. (See "RATING" herein.)

Payment Record

The City as presently constituted, through the consolidation of Pleasanton and North Pleasanton, has never defaulted on the payment of its debt. Prior to the consolidation, the City of Pleasanton had never defaulted on revenue bonds and had not defaulted on general obligation bonds since 1941 when defaults were corrected without refunding. Prior to 1941, the City of Pleasanton repudiated approximately $8,400 of time warrants on the grounds of illegal issuance. The old City of North Pleasanton, dissolved in 1926, had approximately $17,000 of debt adjudicated by District Court at Jourdanton, Texas. Trustees were appointed to levy and collect a $0.75 tax within the old City limits to satisfy this judgment, which was retired in 1947. The former City of North Pleasanton, reincorporated in 1938, experienced a default on March 1, 1961, in connection with $3,000 principal and $871 interest on Waterworks Revenue Bonds, which default was corrected on May 21, 1961, without refunding.

Future Bond Issues

The Issuer is currently working with the USDA to fund approximately $1,800,000 in a taxable series of certificates of obligation supported by a combination tax and junior lien airport system revenues of the City's municipal airport for the construction of new airport hangars. Closing is anticipated within the next 6 months.

Delivery

When issued, anticipated on or about December 28, 2023.

Legality

Delivery of the Obligations is subject to the approval by the Attorney General of the State of Texas and the approval of certain legal matters by Cantu Harden Montoya LLP, San Antonio, Texas, Bond Counsel.

OFFICIAL STATEMENT
RELATING TO

CITY OF PLEASANTON, TEXAS
(A political subdivision of the State of Texas located in Atascosa County, Texas)

$7,325,000 COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023A	$9,580,000 COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023B

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Pleasanton, Texas (the "City" or the "Issuer") of its $7,325,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023A and $9,580,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023B (the "2023B Certificates" and together the "Obligations" or the "Certificates") as identified on page 2 related to the 2023A Certificates and page 4 related to the 2023B Certificates of this Official Statement.

The Issuer is a political subdivision of the State of Texas and a municipal corporation and home rule municipality organized and existing under the laws of the State of Texas and its Home Rule Charter. The Obligations are being issued pursuant to the Constitution and general laws of the State of Texas, separate ordinances for the 2023A Certificates and the 2023B Certificates, respectively (together, the "Ordinances"), adopted by the City Council (the "City Council") on December 7, 2023, and the City's Home Rule Charter. (See "THE OBLIGATIONS – Authority for Issuance" herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinances. Included in this Official Statement are descriptions of the Obligations and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. A copy of such documents may be obtained upon request from the Issuer or its Financial Advisor, SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

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.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the final Official Statement relating to the Obligations will be deposited with the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

THE OBLIGATIONS

General Description of the Obligations

The Obligations are dated December 15, 2023 (the "Dated Date"), will mature on the dates and in the principal amounts, and will bear interest at the rates set forth on page 2 related to the 2023A Certificates and page 4 related to the 2023B Certificates of this Official Statement. The Obligations will be registered and will be in denominations of $5,000 or any integral multiple thereof. The Obligations will bear interest from the Dated Date, or from the most recent date to which interest has been paid or duly provided for, and will be paid semiannually on February 1 and August 1 of each year, commencing August 1, 2024, until stated maturity or prior redemption.

The definitive Obligations will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository ("Securities Depository") for the Obligations. Book-entry interests in the Obligations will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Underwriters of the Obligations ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Obligations purchased. So long as DTC or its nominee is the registered owner of the Obligations, the principal of and interest on the Obligations are payable in the manner described herein under "BOOK-ENTRY-ONLY SYSTEM". In the event the Book-Entry-Only System is discontinued, the interest on the Obligations payable on an interest payment date will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas, as the initial Paying Agent/Registrar, as of the Record Date (defined herein) by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Obligations will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the designated corporate trust office of the Paying Agent/Registrar.

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

The Obligations are being issued pursuant to the Certificate of Obligation Act of 1971, Subchapter C (Sections 271.041 through 271.064), Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, the Ordinances, and the City's Home Rule Charter.

Authority for Issuance

The Obligations are being issued pursuant to the Constitution and general laws of the State of Texas, including the Certificate of Obligation Act of 1971 Subchapter C (Sections 271.041 through 271.064), Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, separate ordinances for the 2023A Certificates and the 2023B Certificates, respectively, adopted by the City Council of the City (the "2023A Ordinance" and the "2023B Ordinance," respectively, and together, the "Ordinances") on December 7, 2023, and the City's Home Rule Charter.

Security for Payment

Limited Pledge of Ad Valorem Taxes. The Obligations are general obligations of the City, payable from its collection of an ad valorem tax levied annually, within the legal limitations imposed by law, upon all taxable property located in the City. (See "AD VALOREM TAX PROCEDURES" and "TAX RATE LIMITATIONS" herein.)

Limited Revenue Pledge Benefiting the Obligations. Solely to comply with Texas law allowing the Obligations to be sold for cash, the Obligations are further secured by a lien on and pledge of the Pledged Revenues (being a limited amount of the Net Revenues derived from the operation of the Issuer's combined utility system (the "System") not to exceed $1,000 during the entire period the Obligations or interest thereon remain outstanding), such lien and pledge, however, being subordinate and inferior to the lien on and pledge of the Net Revenues that are pledged to the payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereinafter issued by the Issuer (each as described and defined in the Ordinances). The City has previously authorized the issuance of the currently outstanding Limited Pledge Obligations (as identified and defined in the Ordinances) that are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner and as described in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinances, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinances), while the Obligations are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.

Even though the City has pledged the Pledged Revenues of the System to further secure the Obligations, the City expects the 2023A Certificates to be self-supporting and the 2023B Certificates the City does not expect that any net revenues from such System will actually be utilized to pay the debt service requirements.

Redemption Provisions of the Obligations

The Issuer reserves the right, at its sole option, to redeem Obligations stated to mature on August 1, 2034, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar) on August 1, 2033, or any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. The respective years of maturity of the Obligations called for redemption shall be selected by the City. If less than all of the Obligations within a stated maturity are to be redeemed, the particular Obligations to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Selection of Obligations Redeemed in Part

If less than all of the Obligations are to be redeemed, the City may select the maturities of Obligations to be redeemed. If less than all the Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Obligations, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Notice of Redemption

The City is required to cause a notice of redemption to be given to the registered owners of Obligations to be redeemed not less than 30 days prior to the date of such redemption. The notice of redemption will be sent by United States mail, first class, postage prepaid, to the registered owners of Obligations to be redeemed, in whole or in part, at the address of such owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the mailing of such notice.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. SUBJECT TO THE CITY'S RIGHT TO GIVE A CONDITIONAL NOTICE OF REDEMPTION AS DESCRIBED IN THE FOLLOWING PARAGRAPH, NOTICE OF REDEMPTION HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND, NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE AND SUCH CERTIFICATE SHALL BE NO LONGER OUTSTANDING EXCEPT FOR THE PAYMENT OF THE REDEMPTION PRICE.

Conditional Notices. In the Ordinances the City has reserved the right to give a notice of redemption to redeem Obligations pursuant to an optional redemption that is conditioned upon the occurrence of events subsequent to the giving of such notice. The conditional notice of redemption may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the conditional notice of redemption and such notice and redemption shall be of no effect. The Paying Agent/Registrar is required to give prompt notice of any such rescission of a conditional notice of redemption to the affected registered owners. Any Obligations subject to redemption for which a conditional notice of redemption has been given and such redemption and conditional notice of redemption have been rescinded shall remain outstanding, the rescission of such redemption and conditional notice of redemption will not constitute an event of default and failure to make moneys and/or authorized securities available, in part or in whole, on or before the proposed redemption date shall not constitute an event of default.

Use of 2023A Certificate Proceeds

Proceeds from the sale of the 2023A Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the System; (2) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the System improvements; and (3) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects and to pay the costs associated with the issuance of the 2023A Certificates.

Use of 2023B Certificate Proceeds

Proceeds from the sale of the 2023B Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the System; (2) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's municipal airport; (3) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's municipal parks and recreational facilities; (4) constructing street improvements (including utilities repair, replacement, and relocation), curb, gutters, and sidewalk improvements and drainage incidental thereto; (5) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the aforementioned projects; and (6) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects and to pay the costs associated with the issuance of the 2023B Certificates.

Sources and Uses

Sources of Funds	**The 2023A Certificates**	**The 2023B Certificates**
Par Amount of Certificates	$ 7,325,000.00	$ 9,580,000.00
Accrued Interest	13,225.69	17,297.22
Original Issue Reoffering Premium	865,274.25	1,145,658.55
Total Sources of Funds	$ 8,203,499.94	$ 10,742,955.77
Uses of Funds		
Construction Fund Deposit	$ 8,000,000.00	$ 10,500,000.00
Interest & Sinking Fund Deposit	15,835.93	17,669.78
Costs of Issuance (including bond insurance premium)	123,020.26	148,825.99
Underwriters; Discount	64,643.75	76,460.00
Total Uses of Funds	$ 8,203,499.94	$ 10,742,955.77

Payment Record

The City as presently constituted, through the consolidation of the City of Pleasanton, Texas and the City of North Pleasanton, Texas, has never defaulted on the payment of its debt. Prior to the consolidation, the City of Pleasanton, Texas had never defaulted on revenue bonds and had not defaulted on general obligation bonds since 1941 when defaults were corrected without refunding. Prior to 1941, the City of Pleasanton, Texas repudiated approximately $8,400 of time warrants on the grounds of illegal issuance. The old City of North Pleasanton, Texas, which was dissolved in 1926, had approximately $17,000 of debt adjudicated by District Court at Jourdanton, Texas. Trustees were appointed to levy and collect a $0.75 tax within the old city limits of the City of North Pleasanton, Texas to satisfy this judgment, which was retired in 1947. The former City of North Pleasanton, Texas, was reincorporated in 1938, and experienced a default on March 1, 1961, in connection with $3,000 principal and $871 interest on Waterworks Revenue Bonds, which default was corrected on May 21, 1961, without refunding.

Amendments

The Issuer may amend the Ordinances 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 Obligations then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinances; except that, without the consent of the registered owners of all of the Obligations 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 Obligation is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the redemption price or amounts, change the place or places at or the coin or currency in which any Obligation or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Obligations, (2) give any preference to any Obligation over any other Obligation, or (3) reduce the aggregate principal amount of Obligations required for consent to any amendment, change, modification, or waiver.

Defeasance

The Ordinances provide that the City may discharge its obligations to the registered owners of any or all of the Obligations to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either by (i) depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium if any, and all interest to accrue on the Obligations to maturity or prior redemption or (ii) by depositing with a paying agent, or other authorized escrow agent, amounts sufficient to provide for the payment and/or redemption of the Obligations; provided that such deposits may be invested and reinvested only in (a) direct, non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) non-callable 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, and (c) non-callable 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; or (iii) any combination of (i) and (ii) above. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Obligations, as the case may be. If any of the Obligations are to be redeemed prior to their respective dates of maturity, provision must have been made for the payment to the registered owners of such Obligations at the date of maturity or prior redemption of the full amount to which such owner would be entitled and for giving notice of redemption as provided in the Ordinances.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Obligations. Because the Ordinances do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Ordinances or treated as debt of the City for purposes of taxation or applying any limitation on the City’s ability to issue debt or for any other purpose. After firm banking and financial arrangements for the discharge and final payment or redemption of the Obligations have been made as described above, all rights of the City to initiate proceedings to call the Obligations for redemption or take any other action amending the terms of the Obligations are extinguished; provided, however, that the right to call the Obligations for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Obligations immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Upon defeasance, such defeased Obligations shall no longer be regarded to be outstanding or unpaid.

Default and Remedies

The Ordinances establish specific events of default with respect to the Obligations. If the City defaults in the payment of principal, interest, or redemption price on the Obligations when due, or if it fails to make payments into any fund or funds created in the Ordinances, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinances, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Obligations, if there is no other available remedy at law to compel performance of the Obligations or the Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ 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 Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders upon any failure of the City to perform in accordance with the terms of the Ordinances, 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 sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders may not be able to bring such a suit against the City for breach of the Obligations or the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. The Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville,* 59 Tex. Sup, Ct. J. 54 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In *Wasson*, the court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in considering municipal breach of contract cases, it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the common law and statutory guidance. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contact in question. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Ordinances and the Obligations are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinances, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall 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 at the sole discretion of the Issuer, shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and registered as a transfer agent with the United States Securities and Exchange Commission. Upon a change in the Paying Agent/Registrar for the Obligations, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Obligations affected by the change by United States mail, first-class, postage prepaid.

The Obligations will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity or prior redemption upon presentation to the Paying Agent/Registrar; provided, however, that so long as DTC's Book-Entry-Only System is used, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal of or interest on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Record Date

The record date ("Record Date") for determining the registered owner entitled to receive the interest payable on an Obligation on any interest payment date means the fifteenth (15th) day of the month next preceding each interest payment date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment will be established by the Paying Agent/Registrar. (See "REGISTRATION, TRANSFER, AND EXCHANGE - Special Record Date for Interest Payment" herein.)

Future Registration

In the event the Obligations are not in the Book-Entry-Only System, the Obligations may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. An Obligation may be assigned by the execution of an assignment form on the Obligation or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Obligation or Obligations will be delivered by the Paying Agent/Registrar in lieu of the Obligations being transferred or exchanged at the designated corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Obligations to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Obligation or Obligations surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized in regard to ownership and transferability of the Obligations.)

Special Record Date for Interest Payment

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 (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of an Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the last day next preceding the date of mailing of such notice.

Limitation on Transfer of Obligations

Neither the Issuer nor the Paying Agent/Registrar shall be required (1) to issue, transfer, or exchange any Obligation called for redemption, in whole or in part during a period beginning at the opening of business fifteen (15) days before the day of the first mailing of a notice of redemption of Obligations hereunder and ending at the close of business on the day of such mailing or (2) thereafter to transfer or exchange in whole or in part any Obligation so selected for redemption; provided, however, such limitation is not applicable to the transfer or exchange of the unredeemed balance of an Obligation called for redemption in part.

Replacement Obligations

The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Obligations upon surrender of the mutilated Obligations to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Issuer and Paying Agent/Registrar 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.

BOOK-ENTRY-ONLY SYSTEM

The following describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and credited by DTC (defined below) while the Obligations are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor and the Underwriters believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

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

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

Redemption proceeds, distributions, and dividend payments on the Securities 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 Agent, 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, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, 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.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Agent's DTC account.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of This Official Statement

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

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed physical Obligation certificates will be issued to the respective holders and the Obligations will be subject to transfer, exchange and registration provisions as set forth in the Ordinances and summarized under the caption "REGISTRATION, TRANSFER AND EXCHANGE" above.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Obligations, Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") will issue its Municipal Bond Insurance Policy for the Certificates (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Obligations when due as set forth in the form of the Policy included as an exhibit 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 municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by 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 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 Certificates, 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 Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates 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 Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $502.8 million, $217.0 million and $285.8 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 Certificates or the advisability of investing in the Certificates. 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 this "BOND INSURANCE" heading.

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 Certificates, 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 Certificates. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Certificates, whether at the initial offering or otherwise.

BOND INSURANCE GENERAL RISKS

In the event of default of the payment of principal or interest with respect to the Obligations when all or some becomes due, any owner of the Obligations 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 Obligations by the City which is recovered by the City from the Obligation owner as a voidable preference under applicable bankruptcy law may be covered by the Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the City unless the Bond Insurer chooses to pay such amounts at an earlier date.

Payment of principal and interest is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist. See "THE OBLIGATIONS – Default and Remedies". The Bond Insurer may direct and must consent to any remedies that the Paying Agent/Registrar exercises and the Bond Insurer's consent may be required in connection with amendments to any applicable Obligation documents.

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

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

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Paying Agent/Registrar may be limited by applicable bankruptcy law or other similar laws related to insolvency of insurance companies.

None of the City, the Financial Advisor, or the Underwriters have made independent investigation into the claims paying ability the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Obligations and the claims-paying ability of the Bond Insurer, particularly over the life of the Obligations.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

In the past, Moody's Investors Service, Inc., S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business, and Fitch Ratings, Inc. have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible.

In addition, past events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Obligations. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Obligations and the claims-paying ability of any such bond insurer, particularly over the life of the Obligations.

INVESTMENT POLICIES

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

Legal Investment

Under Texas law, the Issuer is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (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, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent, (6) (a) certificates of deposit and share certificates issued by a depository institution that has its main office or branch office in the State of Texas, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or are secured as to principal by obligations described in clauses (1) through (5) and clause (13) or in any other manner and amount provided by law for System deposits, and in addition (b) the System is authorized, subject to certain conditions, to invest in certificates of deposit with a depository institution that has its main office or branch office in the State of Texas and that participates in the Certificate of Deposit Account Registry Service® network ("CDARS®") and as further provided by Texas law, (7) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) and require the security 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 are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (8) bankers' acceptances with the remaining term of 270 days or less from the date of issuance, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (9) commercial paper with the remaining term of 270 days or less from the date of issuance that is rated at least "A-1" or "P-1" or the equivalent by at least (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, (10) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, (11) no-load mutual fund registered with the United States Securities and Exchange Commission that: have an average weighted maturity of less than two years; invest exclusively in obligations described in the preceding clauses and clause (13), and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent, (12) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or "AAA-m" or its equivalent, (13) bonds issued, assumed or guaranteed by the State of Israel, and (14) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011, Texas Government Code, as amended. Texas law also permits the Issuer to invest bond proceeds in a guaranteed investment contract subject to the limitations set forth in Chapter 2256, as amended, Texas Government Code.

Entities such as the Issuer may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized including accrued income, 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 (5) and clause (13) above, (b) pledged 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 (5) and clause (13) above, clause (9) above and clauses (10) and (11) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to such investing entity or a third party designated by such investing entity; (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.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pool are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. 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.

Under Texas law, the City may 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 City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance or resolution. The City has not contracted with, and has no present intention of contracting with, any such investment management firm or the State Securities Board to provide such services.

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, the maximum average dollar-weighted maturity allowed for pooled fund groups, and the methods to monitor the market price of investments acquired with public funds and the requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments. All Issuer funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, 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 City Council.

Additional Provisions

Under Texas law, the Issuer is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt an ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the 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 Treasurer, Chief Financial Officer, or other investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in mutual funds in the aggregate to no more than 80% of the Issuer's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the Issuer's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in no-load money market mutual funds of any portion of bond proceeds reserves and funds held for debt service to no more than 15% of the entity's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to confirm 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.

Current Investments (1) **TABLE 1**

As of September 30, 2023, the City held investments as follows:

Investment Type	Amount
Money Market and Deposits	$33,099,719

Funds held at the City's Depository Bank. Funds are fully collateralized.

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.

(1) Unaudited.

AD VALOREM PROPERTY TAXATION

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

Valuation of Taxable Property

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

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

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

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

State Mandated Homestead Exemptions

State law grants, with respect to each 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.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may 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.

Local Option Freeze for the Elderly and Disabled

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

Personal Property

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

Freeport and Goods-In-Transit Exemptions

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

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

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

Other Exempt Property

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

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.

For a discussion of how the various exemptions described above are applied to the City, see "AD VALOREM PROPERTY TAXATION – The Property Tax Code as Applied to the City".

Chapter 380 Agreements

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380") to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes.

City and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City 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 $57.2 million for the 2023 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See “AD VALOREM PROPERTY TAXATION – Temporary Exemption for Qualified Property Damaged by a Disaster” for a discussion of the applicability of this section of the Property Tax Code.

City’s Rights in the Event of Tax Delinquencies

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

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

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

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

Public Hearing and Maintenance and Operations Tax Rate Limitations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

The Property Tax Code as Applied to the City

The City does not grant an exemption of up to 20% of the appraised value of residence homesteads (but not less than $5,000).

The City has elected to grant a Local Option Homestead Exemption of $16,000 of the appraised value of the residence homestead of persons 65 year of age or older and the disabled.

The City has not adopted a tax freeze for citizens who are disabled or are 65 years of age or older.

Ad valorem tax are levied by the City against the exempt value of the residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property.

The City does tax freeport property.

The City does not tax Goods-in-Transit.

The City does not offer discounts or allow split payments.

The City participates in two Chapter 380 Economic Development Agreements.

PeopleFund for Economic Development Activities. Pursuant to the terms of a Chapter 380 Economic Agreement with PeopleFund for Economic Development Activities ("PeopleFund"), effective as of April 16, 2020, PeopleFund has established, funded, maintained, and operated the Texas COVID19 Relief Fund with $3 million in loan capital to lend throughout the State of Texas. With the assistance of the program's financial assistance, businesses maintain or re-employ employment positions that promote local economic development and stimulate business and commercial activity in the City. PeopleFund is required to invest at least $600,000 in loan capital to originate at least 10 loans to eligible City businesses meeting the general loan criteria. The loans are made with zero interest and no payments for the first six months. The City has agreed to invest $20,000 in grants to assist businesses within the City that meet the general loan criteria. The City and PeopleFund agreed that 2020 served as the base year for any payments or obligations.

Luniz, LLC. Pursuant to the terms of a Chapter 380 Economic Development Agreement with Luniz, LLC ("Luniz"), effective as of October 28, 2020, Luniz is required to invest at least $1.2 million in capital improvements and to generate employment, an improved tax base, and economic development activity in the City. Luniz acquired and leased to Starbucks Corporation a certain 0.545-acre parcel, located at 1701 W. Oaklawn Road. The construction provides increased tax revenue to the City. This store creates 15-20 employment positions under the program. The City grants and pays a sales tax rebate to Luniz in an amount not to exceed $200,000 based on two percent (2.0%) of the sales tax collected on any taxable retail sale from or at the improvements on the land during the ten (10) years from the completion date.

Agreement with Atascosa County Municipal Utility District No. 1. Pursuant to the terms of a Consent Agreement with Atascosa County Municipal Utility District No. 1 (the "District"), in consideration for the conveyance of certain public improvements, the City agreed to collect and pay to the District a portion of the ad valorem taxes received by the City in future years on the land and improvements within the District, at an amount equal to $0.35 per $100 taxable assessed valuation for the payment of debt service on future bonds, other liabilities and obligations of the District, and the financing, construction, and acquisition of public improvements financed by the District.

TEXAS LEGISLATURE

On January 10, 2023, the 88th Texas Legislature convened in general session, which adjourned on May 29, 2023. The Texas Legislature passed bills that affect the City and its finances, the scope and breadth of which are still being determined. The Texas Governor called multiple special sessions of the 88th Texas Legislature, as the most recent began on November 7, 2023. The Texas Governor may call one or more additional special sessions. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the City and its finances. The City makes no representation regarding any actions the Texas Legislature took or may take, but intends to monitor passed and proposed legislation for any developments applicable to the City.

On July 13, 2023, during the second special session, the Texas Legislature passed Senate Bill 2, which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5 million dollars (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20% of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Propersty (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the Maximum Property Value. The Appraisal Cap takes effect on January 1, 2024, as the amendment proposed by House Joint Resolution 2 during the second special session was approved by the voters on November 7, 2023.

TAX MATTERS

Tax Exemption

The delivery of the Obligations is subject to the opinions of Bond Counsel to the effect that interest on the Obligations for federal income tax purposes (1) is excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinions (the "Code"), of the owners thereof pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. A form of Bond Counsel's opinions are reproduced as APPENDIX C. The statutes, regulations, rulings, and court decisions on which such opinions are based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the City pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance by the City with the provisions of the Ordinances subsequent to the issuance of the Obligations. The Ordinances contain covenants by the City with respect to, among other matters, the use of the proceeds of the Obligations and the facilities financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested, if required, the periodic calculation and payment to the United States Treasury of any arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Obligations to be includable in the gross income of the owners thereof from the date of the issuance of the Obligations.

Except as described above, Bond Counsel will express no other opinions with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Bond Counsel's opinions is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel's opinions are not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Obligations is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Obligations would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Obligations, the City may have different or conflicting interests from the owners of the Obligations. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations during the pendency of the audit, regardless of its ultimate outcome.

Tax Changes

Existing law may change to reduce or eliminate the benefit to Certificate holders of the exclusion of interest on the Obligations from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Ancillary Tax Consequences

Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust ("FASIT"), individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Obligations. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Obligations.

Tax Accounting Treatment of Discount Obligations

The initial public offering price to be paid for certain Obligations may be less than the amount payable on such Obligations at maturity (the "Discount Obligations"). An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Discount Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligations. A portion of such original issue discount, allocable to the holding period of a Discount Certificate by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Obligations. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Certificate, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Certificate and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Certificate by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Certificate was held) is includable in gross income.

Owners of Discount Obligations should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Obligations and with respect to the state and local tax consequences of owning Discount Obligations. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on the Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

Tax Accounting Treatment of Premium on Certain Obligations

The initial public offering price to be paid for certain Obligations (the "Premium Obligations") may be greater than the stated redemption price on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Premium Certificate (assuming that a substantial amount of the Premium Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Obligations. The basis for federal income tax purposes of a Premium Certificate in the hands of such initial purchaser must be reduced each year by the amortizable Certificate premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable Certificate premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable Certificate premium on Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreements for the benefit of the holders and Beneficial Owners of the Obligations. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Obligations. Under each agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access (EMMA) system, where it will be available to the general public, free of charge, at www.emma.msrb.org.

Annual Reports

Under State law, including, but not limited to Chapter 103, as amended, Texas Government Code, the City must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified public accountant and must maintain each audit report within 180 days after the close of the City's fiscal year. The City's fiscal records and audit reports are available for public inspection during the regular business hours, and the City is required to provide a copy of the City's audit reports to any certificate holder or other member of the public within a reasonable time of request to City Secretary, 108 Second Street, Pleasanton, Texas 78064, and upon payment of charges prescribed by the Texas General Services Commission.

The City will file certain updated financial information and operating data with the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement in Table 1 hereof, Tables 1 through 14 of APPENDIX A to this Official Statement, and in APPENDIX D. The City will update and provide this information within six months after the end of each fiscal year ending in and after 2023.

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 EMMA Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and 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 City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will file notice of the change with the MSRB through EMMA.

Notices of Certain Events

The City will file with the MSRB notice of any of the following events with respect to the Obligations in a timely manner (and not more than 10 business days after occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City 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 City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. Neither the Obligations nor the Ordinances make any provision for debt service reserves or liquidity enhancement. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports". The City will provide each notice described in this paragraph to the MSRB.

For these purposes, any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur; the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (B) the City intends the words used in clauses (15) and (16) in the immediately preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

During the past five years, the City has complied in all material respects with its previous continuing disclosure agreements made in accordance with the Rule. For more information relating to the City's continuing disclosure filing history, see www.emma.msrb.org.

LEGAL MATTERS

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Underwriters with a complete transcript of proceedings incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinions of the Attorney General of the State of Texas to the effect that each of the Initial Obligations is a valid and legally binding obligation of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Obligations, issued in compliance with the provisions of the Ordinances, are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Obligations will be exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Obligations, Bond Counsel was engaged by, and only represents, the City in connection with the issuance of the Obligations. In its capacity as Bond Counsel, Cantu Harden Montoya LLP, San Antonio, Texas has reviewed (except for numerical, statistical and technical data) the information under the captions "THE OBLIGATIONS" (except under the subcaptions, "Sources and Uses", "Payment Record", and "Default and Remedies", as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "Compliance with Prior Undertakings" as to which no opinion is expressed), "LEGAL MATTERS – Opinions and No-Litigation Certificate (except for the last two sentences of the first paragraph, as to which no opinion is expressed)", "LEGAL MATTERS—Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER PERTINENT INFORMATION—Registration and Qualification of Bonds for Sale" in the Official Statement and such firm is of the opinion that the information relating to the Obligations and the Ordinances contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Obligations or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Obligations will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of Obligations are contingent on the sale and initial delivery of the Obligations. The legal opinions of Bond Counsel will accompany the Obligations deposited with DTC or will be printed on the definitive Obligations in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas. The legal fees of Underwriters' counsel are contingent on the delivery of the Obligations.

The various legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of 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.

Litigation

The City is exposed to various risks of losses related to torts, theft of, damage to and destruction of fixed assets; error and omissions; injuries to employees; and natural disasters. The City has obtained commercial insurance coverage for these risks and provided various employee education and prevention programs. Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

FORWARD LOOKING STATEMENTS

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

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

OTHER PERTINENT INFORMATION

Registration and Qualification of Obligations for Sale

The sale of the Obligations has not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act; the Obligations have not been qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor have the Obligations been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which they may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

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

Rating

S&P has assigned a rating of "AA" to each of the Obligations based solely upon the municipal bond insurance policy to be issued by the Bond Insurer on the date of initial delivery of each series of the Obligations and an underlying rating of "AA-". (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.) An explanation of the significance of such a rating may be obtained from S&P. The rating of the Obligations by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Obligations.

Authenticity of Financial Information

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. All of the summaries of the statutes, documents and Ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and Ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

Financial Advisor

SAMCO Capital Markets, Inc., is employed as a Financial Advisor to the Issuer in connection with the issuance of the Obligations. In this capacity, the Financial Advisor has compiled certain data relating to the Obligations and has drafted this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and initial delivery of the Obligations.

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

Underwriting of the 2023A Certificates

The Underwriters have agreed, subject to certain conditions, to purchase the 2023A Certificates from the Issuer at a price of $8,125,630.50 (representing the par amount of the 2023A Certificates of $7,325,000.00, plus a reoffering premium of $865,274.25, less an Underwriters' discount of $64,643.75), plus accrued interest on the 2023A Certificates from the Dated Date to the date of initial delivery.

The Underwriters' obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the 2023A Certificates, if any 2023A Certificates are purchased. The 2023A Certificates may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following statement for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

Underwriting of the 2023B Certificates

The Underwriters have agreed, subject to certain conditions, to purchase the 2023B Certificates from the Issuer at a price of $10,649,198.55 (representing the par amount of the 2023B Certificates of $9,580,000.00, plus a reoffering premium of $1,145,658.55, less an Underwriters' discount of $76,460.00), plus accrued interest on the 2023B Certificates from the Dated Date to the date of initial delivery.

The Underwriters' obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the 2023B Certificates, if any 2023B Certificates are purchased. The 2023B Certificates may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following statement for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

Authorization of the Official Statement

This Official Statement will be approved as to form and content and the use thereof in the offering of the Obligations will be authorized, ratified and approved by the City Council of the City on the date of sale, and the Underwriters will be furnished, upon request, at the time of payment for and the delivery of the Obligations, a certified copy of such approval, duly executed by the proper officials of the Issuer.

The Ordinances will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto issued on behalf of the Issuer, and authorize its further use in the reoffering of the Obligations by the Underwriters.

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

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

This Official Statement will be approved by the City Council for distribution in accordance with the provisions of the SEC's rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

CITY OF PLEASANTON, TEXAS

/s/ Clint J. Powell

Mayor
City of Pleasanton, Texas

ATTEST:

/s/ Andres Aguirre

City Secretary
City of Pleasanton, Texas

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APPENDIX A

FINANCIAL INFORMATION RELATING TO
THE CITY OF PLEASANTON, TEXAS

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION **TABLE 1**

2023 Actual Certified Assessed Value of Taxable Property (100% of Assessed Value)		$ 1,131,424,200
Less Exemptions:		
Optional Over-65 or Disabled Homestead	$ 18,513,933	
Disabled/Deceased Veterans'	23,055,704	
Open-Space Land and Timberland	17,754,320	
First Responder Surviving Spouse	273,145	
Totally Exempt Property	83,915,950	
10% Per Year Cap on Residential Homesteads	44,702,888	
Value lost to Prorations	-	
TOTAL EXEMPTIONS		$ 188,215,940
2023 Certified Assessed Value of Taxable Property		$ 943,208,260

Source: Atascosa County Appraisal District.

GENERAL OBLIGATION BONDED DEBT

(as of December 1, 2023)

General Obligation Debt Principal Outstanding	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014	3,870,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015	2,260,000
General Obligation Refunding Bonds, Series 2015	1,540,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016	2,490,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2017	1,505,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019	5,110,000
Combination Tax and Limited Pledge Revenue Certificates of Obligaiton, Series 2021	10,005,000
General Obligation Refunding Bonds, Series 2021	2,270,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023	3,865,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023A	7,325,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023B	9,580,000
Total Gross General Obligation Debt	$ 49,820,000
Less: Self Supporting Debt	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014 (100% Utility Fund)	$ 3,870,000
General Obligation Refunding Bonds, Series 2015 (100% Utility Fund)	1,540,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 (100% Hotel/Motel Fund)	2,490,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2017 (100% Utility Fund)	1,505,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 (55% Utility Fund)	5,460,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023A	7,325,000
Total Self-Supporting Debt	$ 22,190,000
Total Net General Obligation Debt Outstanding	$ 27,630,000
2023 Net Assessed Valuation	$ 943,208,260
Ratio of Gross General Obligation Debt Principal to Certified Net Taxable Assessed Valuation	5.28%
Ratio of Net General Obligation Debt to Certified Net Taxable Assessed Valuation	2.93%

Population: 2000 - 8,266; 2010 - 8,934; est. 2023 - 10,612
Per Capita Certified Net Taxable Assessed Valuation - $88,881.29
Per Capita Gross General Obligation Debt Principal - $4,694.69
Per Capita Net General Obligation Debt Principal - $2,603.66

DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE **TABLE 2**

On January 1, 2019, the City entered into a 60-month lease as Lessor for the use of airport hangar space. As of September 30, 2022, the value of the lease receivable is $16,091. The lessee is required to make annual fixed paymets of $16,142. The lease has an interest rate of 0.315%. The value of the deferred inflow of resources as of September 30, 2022 was $17,893, and the City recognized lease revenue of $14,315 during the fiscal year.

On November 1, 2018, the City entered into a 60-month lease as Lessor for the use of a building. As of September 30, 2022, the value of the lease receivable is $6,492. The lessee is required to make annual fixed payments of $6,000. The lease has an interst rateof 0.218%. The value of the deferred inflow of resources as of September 30, 2022 was $6,486, and the City recognized lease revenue of $5,987 during the fiscal year.

Future minimum lease receipts on these leases are as follows:

Year Ending	Governmental Activities		
September 30,	Principal	Interest	Total
2023	$ 22,083	$ 59	$ 22,142
2024	500	-	500
2025	-	-	-
Total	$ 22,583	$ 59	$ 22,642

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending (9/30)	Current Total Outstanding Debt [1]	The 2023A Certificates			The 2023B Certificates			Total Combined Debt Service	Less: Self-Supporting Debt Debt Service	Total Net Debt Service
		Principal	Interest	Total	Principal	Interest	Total			
2024	$ 3,948,205	$ 100,000	$ 229,924	$ 329,924	$ -	$ 300,706	$ 300,706	$ 4,578,835	$ 1,906,317	$ 2,672,518
2025	3,313,231	235,000	361,250	596,250	315,000	479,000	794,000	4,703,481	2,174,494	2,528,987
2026	3,303,621	250,000	349,500	599,500	330,000	463,250	793,250	4,696,371	2,172,608	2,523,763
2027	3,142,914	260,000	337,000	597,000	345,000	446,750	791,750	4,531,664	2,162,827	2,368,837
2028	2,748,863	275,000	324,000	599,000	365,000	429,500	794,500	4,142,363	1,774,001	2,368,362
2029	2,755,175	290,000	310,250	600,250	380,000	411,250	791,250	4,146,675	1,781,863	2,364,812
2030	2,746,888	300,000	295,750	595,750	400,000	392,250	792,250	4,134,888	1,766,751	2,368,137
2031	2,742,694	315,000	280,750	595,750	420,000	372,250	792,250	4,130,694	1,765,501	2,365,193
2032	2,750,588	335,000	265,000	600,000	440,000	351,250	791,250	4,141,838	1,776,738	2,365,100
2033	2,748,488	350,000	248,250	598,250	465,000	329,250	794,250	4,140,988	1,774,951	2,366,037
2034	2,219,100	365,000	230,750	595,750	485,000	306,000	791,000	3,605,850	1,770,969	1,834,881
2035	1,796,406	385,000	212,500	597,500	510,000	281,750	791,750	3,185,656	1,347,800	1,837,856
2036	1,567,900	405,000	193,250	598,250	535,000	256,250	791,250	2,957,400	1,349,300	1,608,100
2037	1,194,650	425,000	173,000	598,000	565,000	229,500	794,500	2,587,150	1,109,250	1,477,900
2038	1,057,600	445,000	151,750	596,750	590,000	201,250	791,250	2,445,600	972,150	1,473,450
2039	1,058,900	470,000	129,500	599,500	620,000	171,750	791,750	2,450,150	977,800	1,472,350
2040	690,200	490,000	106,000	596,000	655,000	140,750	795,750	2,081,950	972,050	1,109,900
2041	681,750	515,000	81,500	596,500	685,000	108,000	793,000	2,071,250	596,500	1,474,750
2042	-	545,000	55,750	600,750	720,000	73,750	793,750	1,394,500	600,750	793,750
2043	-	570,000	28,500	598,500	755,000	37,750	792,750	1,391,250	598,500	792,750
Total	$ 40,467,170	$ 7,325,000	$ 4,364,174	$ 11,689,174	$ 9,580,000	$ 5,782,206	$ 15,362,206	$ 67,518,549	$ 29,351,120	$ 38,167,430

[1] *Includes self-supporting debt.*

TAX ADEQUACY (Includes Self-Supporting Debt)

2023 Certified Net Taxable Assessed Valuation	$ 943,208,260
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2025)	4,703,481
Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.50885

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

TAX ADEQUACY (Excludes Self-Supporting Debt)

2023 Certified Net Taxable Assessed Valuation	$ 943,208,260
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2024)	2,672,518
Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.28913

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

INTEREST AND SINKING FUND MANAGEMENT INDEX

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2022	$ 544,125
2023 Estimated Interest and Sinking Fund Tax Levy (Unaudited)	1,929,471
Total Available for General Obligation Debt	$ 2,473,596
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9/30/23	1,735,810
Estimated Surplus at Fiscal Year Ending 9/30/2023 [1]	$ 737,786

[1] *Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.*

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

(as of December 1, 2023)

	Principal Repayment Schedule				Principal	Percent of
Fiscal Year Ending 9-30	Currently Outstanding[a]	The 2023A Certificates	The 2023B Certificates	Total	Principal Unpaid at End of Year	Principal Retired (%)
2024	$ 2,790,000	$ 100,000	$ -	$ 2,890,000	46,930,000	5.80%
2025	2,345,000	235,000	315,000	2,895,000	44,035,000	11.61%
2026	2,420,000	250,000	330,000	3,000,000	41,035,000	17.63%
2027	2,345,000	260,000	345,000	2,950,000	38,085,000	23.55%
2028	2,035,000	275,000	365,000	2,675,000	35,410,000	28.92%
2029	2,125,000	290,000	380,000	2,795,000	32,615,000	34.53%
2030	2,205,000	300,000	400,000	2,905,000	29,710,000	40.37%
2031	2,290,000	315,000	420,000	3,025,000	26,685,000	46.44%
2032	2,380,000	335,000	440,000	3,155,000	23,530,000	52.77%
2033	2,455,000	350,000	465,000	3,270,000	20,260,000	59.33%
2034	1,995,000	365,000	485,000	2,845,000	17,415,000	65.04%
2035	1,625,000	385,000	510,000	2,520,000	14,895,000	70.10%
2036	1,440,000	405,000	535,000	2,380,000	12,515,000	74.88%
2037	1,105,000	425,000	565,000	2,095,000	10,420,000	79.08%
2038	995,000	445,000	590,000	2,030,000	8,390,000	83.16%
2039	1,020,000	470,000	620,000	2,110,000	6,280,000	87.39%
2040	670,000	490,000	655,000	1,815,000	4,465,000	91.04%
2041	675,000	515,000	685,000	1,875,000	2,590,000	94.80%
2042	-	545,000	720,000	1,265,000	1,325,000	97.34%
2043	-	570,000	755,000	1,325,000	-	100.00%
Total	$ 32,915,000	$ 7,325,000	$ 9,580,000	$ 49,820,000		

[a] *Includes self-supporting debt.*

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2013-2023 **TABLE 3**

Year	Net Taxable Assessed Valuation	Change From Preceding Year Amount ($)	Change From Preceding Year Percent
2013-14	$ 519,651,231	-	-
2014-15	543,439,095	23,787,864	4.58%
2015-16	590,856,234	47,417,139	8.73%
2016-17	597,955,692	7,099,458	1.20%
2017-18	621,046,743	23,091,051	3.86%
2018-19	687,993,652	66,946,909	10.78%
2019-20	728,808,863	40,815,211	5.93%
2020-21	706,433,386	(22,375,477)	-3.07%
2021-22	777,153,435	70,720,049	10.01%
2022-23	854,552,052	77,398,617	9.96%
2023-24	943,208,260	88,656,208	10.37%

Source: Atascosa County Appraisal District.

CLASSIFICATION OF ASSESSED VALUATION **TABLE 4**

	2023	% of Total	2022	% of Total	2021	% of Total
Real, Residential, Single-Family	$ 642,214,430	56.76%	$ 557,789,903	55.17%	$ 482,800,246	53.55%
Real, Residential, Multi-Family	42,078,765	3.72%	41,680,672	4.12%	42,739,522	4.74%
Real, Vacant Lots/Tracts	13,927,588	1.23%	13,373,100	1.32%	11,462,101	1.27%
Real, Acreage (Land Only)	17,922,683	1.58%	15,146,823	1.50%	9,150,847	1.01%
Real, Farm and Ranch Improvements	11,518,087	1.02%	9,783,469	0.97%	7,992,817	0.89%
Real, Commercial	197,209,447	17.43%	175,611,544	17.37%	157,103,896	17.42%
Real, Industrial	1,892,350	0.17%	795,880	0.08%	2,292,880	0.25%
Oil and Gas	4,790	0.00%	4,790	0.00%	4,790	0.00%
Real & Tangible, Personal Utilities	20,977,650	1.85%	20,115,180	1.99%	19,662,650	2.18%
Tangible Personal, Commercial	50,236,230	4.44%	48,094,750	4.76%	48,011,440	5.33%
Tangible Personal, Industrial	28,940,600	2.56%	28,853,370	2.85%	34,013,040	3.77%
Tangible Personal, Mobile Homes	6,748,310	0.60%	5,584,940	0.55%	4,809,620	0.53%
Real Property, Inventory	4,924,180	0.44%	2,052,460	0.20%	1,105,370	0.12%
Speical Inventory	8,913,140	0.79%	7,241,290	0.72%	6,298,750	0.70%
Totally Exempt Property	83,915,950	7.42%	84,900,310	8.40%	74,172,938	8.23%
Total Appraised Value	$ 1,131,424,200	100.00%	$ 1,011,028,481	100.00%	$ 901,620,907	100.00%
Less:						
Optional Over-65 or Disabled Homestead	$ 18,513,933		$ 11,627,463		$ 11,490,063	
Disabled/Deceased Veterans'	23,055,704		17,819,985		15,128,202	
Open-Space Land and Timberland	17,754,320		14,973,700		8,950,400	
First Responder Surviving Spouse	273,145		248,314		225,740	
House Bill 366	-		-		-	
Totally Exempt Property	83,915,950		84,900,310		74,172,938	
10% Per Year Cap on Res. Homesteads	44,702,888		26,906,657		14,500,129	
Net Taxable Assessed Valuation	$ 943,208,260		$ 854,552,052		$ 777,153,435	

Source: Atascosa County Appraisal District.

PRINCIPAL TAXPAYERS 2023 **TABLE 5**

Name	Type of Business/Property	2023 Net Taxable Assessed Valuation	% of 2023 Assessed Valuation
AEP Texas Central Company	Utility	$15,206,290	1.61%
Cactus Wellhead LLC	Industrial	$9,313,170	0.99%
Wal-Mart Real Estate	Real Estate	7,653,610	0.81%
Wal-Mart Stores Texas LLC	Commercial	6,363,940	0.67%
Bob Richardson Chev & Olds	Commercial	5,975,230	0.63%
H E Butt Grocery Co	Commercial	5,941,430	0.63%
Clyburn Properties LLC	Insurance	5,731,932	0.61%
KP Hotels LP	Commerical	5,385,480	0.57%
White Mildred	Residential	4,919,220	0.52%
Krishna Pleasanton LLC	Commerical	4,391,270	0.47%
		$70,881,572	7.51%

TAX RATE DISTRIBUTION **TABLE 6**

	2023	2022	2021	2020	2019
General Fund	$ 0.271859	$ 0.278659	$ 0.268904	$ 0.283000	$ 0.298531
I&S Fund	0.243787	0.236986	0.246741	0.216700	0.201232
Total Tax Rate	$ 0.515645	$ 0.515645	$ 0.515645	$ 0.499700	$ 0.499763

Source: Atascosa County Appraisal District

TAX DATA **TABLE 7**

Taxes are due October 1 and become delinquent after January 31. Discounts are allowed: 3% October, 2% November, and 1% if paid in December. Current collections are those taxes collected through August 31, applicable to the current year's tax levy. Penalties and Interest: (a) a delinquent tax incurs a a penalty of six percent of the amount of the tax for the first calendar month it is delinquent plus one percent 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquent tax accrues interest at rare of one percent for each month or portion of a month the tax remains unpaid; and an additional penalty up to a maximum of 20% of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1. All percentage of collections set for below exclude penalties and interest.

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Current	% of Collections Total	Year Ended
2013	$ 519,651,231	0.489770	$ 2,545,096	96.34	98.97	9/30/2014
2014	543,439,095	0.489770	2,661,602	97.99	98.83	9/30/2015
2015	590,856,234	0.489770	2,893,837	96.80	98.97	9/30/2016
2016	597,955,692	0.505800	3,024,460	95.97	100.59	9/30/2017
2017	621,046,743	0.505800	3,141,254	99.36	99.40	9/30/2018
2018	687,993,652	0.499763	3,438,338	99.90	100.09	9/30/2019
2019	728,808,863	0.499763	3,642,317	95.72	99.28	9/30/2020
2020	706,433,386	0.499700	3,530,048	98.16	99.48	9/30/2021
2021	777,153,435	0.515645	4,007,353	97.51	98.64	9/30/2022
2022	854,552,052	0.515645	4,406,455	97.21	99.22	9/30/2023
2023	943,208,260	0.515645	4,863,606	(In process of collecting)		9/30/2024

Source: Atascosa County Appraisal District

MUNICIPAL SALES TAX COLLECTIONS **TABLE 8**

The Issuer has adopted the provisions of Chapter 321, as amended, Texas Tax Code. In addition, some issuers are subject to a property tax relief and/or an economic and industrial development tax. The Issuer has authorized the additional one-half cent sales tax net collections on calendar year basis are as follows:

Calendar Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2013	$ 6,309,467	247.91%	$ 1.214
2014	6,914,589	259.79%	1.272
2015	7,099,636	245.34%	1.202
2016	4,223,046	139.63%	0.706
2017	4,366,179	138.99%	0.703
2018	5,980,233	173.93%	0.869
2019	5,491,613	150.77%	0.754
2020	4,408,258	124.88%	0.624
2021	4,727,464	117.97%	0.608
2022	6,085,858	138.11%	0.712
2023	5,772,160	(As of October 2023)	

Source: State Comptroller's Office of the State of Texas.

OVERLAPPING DEBT INFORMATION

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the City and the estimated percentages and amounts of such indebtedness attributable to property within the City. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the Issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures. The following statements of direct and estimated overlapping ad valorem tax bonds was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer 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 below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Taxing Body	Gross Debt (As of 12/1/2023)	% Overlapping	Amount Overlapping	
Atascosa County	$ 18,410,000	15.12%	$ 2,783,592	
Jourdanton ISD	37,234,786	5.05%	1,880,357	
Pleasanton ISD	47,185,000	30.81%	14,537,699	
Total Gross Overlapping Debt			$ 19,201,647	
Pleasanton, City of			$ 49,820,000	*
Total Gross Direct and Overlapping Debt			$ 69,021,647	*
Ratio of Gross Direct Debt and Overlapping Debt to 2023 Net Assessed Valuation			7.32%	*
Per Capita Gross Direct Debt and Overlapping Debt			$6,504.11	*

Note: The above figures show Gross General Obligation Debt for the City of Pleasanton, Texas. The Issuer's Net General Obligation Debt is $27,630,000. Calculations on the basis of Net General Obligation Debt would change the above figures as follows:

Total Net Direct and Overlapping Debt	$ 46,831,647	*
Ratio of Net Direct and Overlapping Debt to 2023 Net Assessed Valuation	4.97%	*
Per Capita Net Direct and Overlapping Debt	$4,413.08	*

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas

*Includes the 2023A Certifciates and the 2023B Certificates.

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES **TABLE 9**

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Fund Balance - Beginning of Year	$ 14,031,523	$ 7,510,349	$ 9,249,268	$10,581,284	$ 10,480,119[1]
Revenues	12,356,638	11,208,842	10,633,060	11,478,678	9,937,653
Expenditures	12,060,868	10,326,538	11,847,234	10,962,981	8,653,927
Excess (Deficit) of Revenues Over Expenditures	$ 295,770	$ 882,304	$ (1,214,174)	$ 515,697	$ 1,283,726
Other Financing Sources (Uses):					
Bond Proceeds	$ 561,765	4,533,750			
Bond Premiums	-	467,808			
Operating Transfers In	225,000	$ 275,175	$ 75,000	$ 88,378	$ 50,000
Operating Transfers Out	(823,662)	(814,177)	(599,745)	(1,936,091)	(1,232,561)
Total Other Financing Sources (Uses):	$ (36,897)	$ 4,462,556	$ (524,745)	$ (1,847,713)	$ (1,182,561)
Fund Balance - End of Year	$ 14,290,396[2]	$ 12,855,209	$ 7,510,349	$ 9,249,268	$ 10,581,284

(1) Restated.

(2) Approximately $4,850,000 of the shown fund balance are proceeds from Certificates of Obligation, Series 2021.
September 30, 2023 Fund Balance is estimated to be $11,098,000.

Source: The Issuer's Annual Comprehensive Financial Reports and information provided by the Issuer.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2023 Assessed Valuation	% of Actual	2023 Tax Rate
Atascosa County	$ 6,437,618,234	100%	$ 0.409730
Jourdanton ISD	977,422,847	100%	1.087400
Pleasanton ISD	2,604,468,120	100%	0.905836

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL SUBDIVISIONS

Issuer	Date of Authorization	Amount Authorized	Amount Issued to Date	Amount Unissued
Atascosa County	None			
Jourdanton ISD	None			
Pleasanton ISD	None			

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

EMPLOYEE'S PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS **TABLE 10**

Information regarding the City's Pension Plans can be found in the City's Annual Financial Report under Section 5 - Employees' Retirement Systems

UTILITY PLANT IN SERVICE **TABLE 11**

(As of September 30, 2022)

Land Purchase and Improvements	$ 331,483
Buildings	633,505
Machinery and Equipment	1,696,757
Right to Use	121,030
Distribution System	34,653,269
Construction in Progress	1,059,937
Total	$ 38,495,981
Less: Accumulated Depreciation	(22,959,199)
Net Property, Plant and Equipment	$ 15,536,782

Source: The Issuer's Annual Comprehensive Financial Reports and information provided by the Issuer.

UTILITY SYSTEM COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES **TABLE 12**

The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital. The Utility System consists of Water, Sewer and Natural Gas.

	Fiscal Year Ended				
	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Revenues	$ 6,554,118	$ 5,596,562	$ 4,913,627	$ 4,749,297	$ 4,937,801
Expenditures	4,361,605	4,332,603	3,810,326	3,571,915	3,156,822
Net Revenues Available Available for Debt Service	$ 2,192,513	$ 1,263,959	$ 1,103,301	$ 1,177,382	$ 1,780,979
Connections:					
Water	4,855	4,799	4,803	4,753	4,742
Sewer	4,003	3,992	3,992	3,963	3,945

Source: The Issuer's Annual Financial Reports.

(New Rates Effective October 15, 2023)

The minimum charge for all customers for various size meters per month shall be:

		Inside		Outside
5/8 or 3/4" meter	$	18.30	$	31.75
1" meter		39.38		73.00
1 1/2 " meter		74.50		141.75
2" meter		116.65		224.25
3" meter		229.05		444.25
4" meter		355.50		691.75
6" meter		706.75		1,379.25

A monthly volume charge shall also be charged to all customers in an amount per 1,000 gallons of water used, as more specifically set forth hereinafter:

		Inside		Outside
0-10,000	$	4.15	$	4.30
10,001-20,000		4.70		4.85
20,001-40,000		5.35		5.60
40,001-70,000		6.25		6.55
70,001-100,000		7.40		7.80
+ 100,000		8.90		9.40

(Old Rates Effective October 15, 2022)

The minimum charge for all customers for various size meters per month shall be:

	Inside	Outside
5/8 or 3/4" meter	17.05	30.5
1" meter	38.13	71.75
1 1/2 " meter	73.25	140.5
2" meter	115.4	223
3" meter	227.8	443
4" meter	354.25	690.5
6" meter	705.5	1378

A monthly volume charge shall also be charged to all customers in an amount per 1,000 gallons of water used, as more specifically set forth hereinafter:

	Inside	Outside
0-10,000	3.1	3.25
10,001-20,000	3.65	3.8
20,001-40,000	4.3	4.55
40,001-70,000	5.2	5.5
70,001-100,000	6.35	6.75
+ 100,000	7.85	8.35

(New Rates Effective October 15, 2023)

The monthly minimum wastewater charge for all customers, with the exception of separately metered irrigation customers, per month shall be:

Inside	Outside
$ 23.00	$ 26.82

A monthly volume charge at 100% usage shall also be charged to all customers in an amount per 1,000 gallons of water used or wastewater produced:

	Inside	Outside
0-10,000	$ 4.56	$ 4.71
10,001-20,000	4.96	5.16
20,001-40,000	5.46	5.71
40,001-70,000	6.06	6.41
70,001-100,000	6.86	7.31
100,001 +	7.86	8.41

(Old Rates Effective October 15, 2021)

The monthly minimum wastewater charge for all customers, with the exception of separately metered irrigation customers, per month shall be:

Inside	Outside
$22	$24.72

A monthly volume charge at 100% usage shall also be charged to all customers in an amount per 1,000 gallons of water used or wastewater produced:

	Inside	Outside
0-10,000	2.29	2.44
10,001-20,000	2.69	2.89
20,001-40,000	3.19	3.44
40,001-70,000	3.79	4.14
70,001-100,000	4.59	5.04
100,001 +	5.59	6.14

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF PLEASANTON AND ATASCOSA COUNTY, TEXAS

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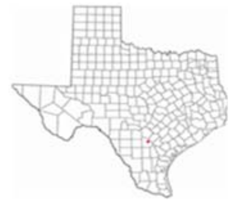
GENERAL INFORMATION REGARDING THE CITY OF PLEASANTON AND ATASCOSA COUNTY, TEXAS

CITY OF PLEASANTON, TEXAS



The City of Pleasanton, Texas (the "City") was originally incorporated by an election held on November 25, 1916. The cities of Pleasanton and North Pleasanton were consolidated on January 2, 1962. On August 14, 1982, an election was held for the purpose of operating under a Home Rule Charter. The election carried with 173 "for" and 132 "against". The City operates under a Home Rule Charter – City Manager type of government. The City is the largest city and principal commercial center of Atascosa County.

The City is conveniently located to nearby metropolitan cities: The City is located 25 miles southeast of San Antonio; Austin, the State Capital, is 120 miles north; Houston is to the east approximately 220 miles, and south about 120 miles is Corpus Christi and the Gulf Coast.

Pleasanton offers an excellent location for business growth since it is only 25 miles from San Antonio and has two major highways (U.S. Highway 281 and IH-37) nearby. Railroad transportation is available and the municipal airport is 2 ½ miles from the park, allowing greater mobility. United Parcel Service became the first occupant of the Pleasanton Industrial Park in 1989.

Pleasanton Industrial Park is located on Eurostar Drive, just off of Hwy 281, south of Hwy 97 within the Pleasanton City limits.

Education

Pleasanton Independent School District covers roughly 445 square miles. The District has 5 instructional facilities which are fully accredited by the Texas Education Agency.

Higher Education

Colleges and Universities in surrounding areas include Texas A&M (extension), Palo Alto (an Alamo Community College District extension) and Coastal Bend College.

Health Facilities

South Texas Regional Medical Center (STRMC) is a member of the Texas Hospital Association. It is certified by the Department of Health, and Human Services, licensed by the Texas State Department of Health, an and is approved by the Joint Commission of Accreditation of Healthcare Organizations.

ATASCOSA COUNTY, TEXAS

Atascosa County (the "County") and was formed in 1856 from Bexar County. Its county seat is the City of Jourdanton. The largest towns in the county are Charlotte, Pleasanton, Jourdanton, and Poteet. Atascosa County is south of San Antonio on Interstate Highway 37 in the Rio Grande Plain region of south central Texas. The county covers 1,218 square miles of level to rolling land. Elevation ranges from 350 to 700 feet, and the soils are generally deep with loamy surface layers and clayey subsoils. Along the southern borders the light-colored soils have limestone near the surface. In some areas the soils are gray to black, cracking and clayey, and expand and shrink considerably. In the South Texas Plains vegetation area, the subtropical dry-land vegetation consists primarily of cactus, weeds, grasses, thorny shrubs and trees such as mesquite, live oak and post oak. Many of the open grasslands have been seeded with buffalo grass. Between 41 and 50 percent of the county is considered prime farmland. Wildlife in Atascosa County includes white-tailed deer, javelina, turkey, fox squirrel, jackrabbits, foxes, ring-tailed cats, skunks, and opossum. The main predators are bobcats and coyotes. Ducks, cranes, and geese migrate across the county. Tanks are stocked with catfish, bass, and sunfish. Mineral resources include clay, uranium, sand and gravel, and oil and gas. Other minerals and products include caliche and clay, lignite coal, construction and industrial sand, sulfur, and uranium.

The area was sparsely settled by the mid-1850s, and in 1856 the county was marked off from Bexar County. The first county seat, Navatasco, was established in 1857 on land donated by Navarro. Among the county's early settlers were Peter Tumlinson, who organized one of the first Ranger companies in the state in 1836, Indian fighter Thomas Rodriguez, George F. Hindes, Marshall Burney, and Eli Johnson. In 1858 Pleasanton, a newly founded community, became county seat, and a new courthouse was constructed. Settlers continued to trickle in, but the threat of Indian attack, poor roads, and the area's general isolation kept the population low.

Hunters are attracted to the county, particularly during the fall and winter deer seasons. Other leading attractions include the Poteet Strawberry Festival, Jourdanton Days Celebration, and the Cowboy Homecoming and Rodeo in Pleasanton.

Economy

Atascosa County is located in south Texas and sits atop the Eagle Ford Shale play. Atascosa county is almost entirely in the liquids-rich oil window of the Eagle Ford Shale. Primarily, drilling in Atascosa County targets the Eagle Ford Shale in the southern and eastern portions of the county where operators refer to both the crude oil and volatile oil windows.

Labor Force Statistics [1]

	2023 [2]	2022 [3]	2021 [3]	2020 [3]
Civilian Labor Force	23,155	22,510	22,051	21,612
Total Employed	22,258	21,604	20,709	19,761
Total Unemployed	897	906	1,342	1,851
% Unemployment	3.9%	4.0%	6.1%	8.6%
Texas Unemployment	4.1%	3.9%	5.6%	7.7%

(1) Source: Texas Workforce Commission.
(2) As of September 2023.
(3) Average Annual Statistics.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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CANTU | HARDEN | MONTOYA LLP
A PUBLIC FINANCE LAW FIRM

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San Antonio, Texas 78209
210-890-2860
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December 28, 2023

$7,325,000
CITY OF PLEASANTON, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2023A

We have represented the City of Pleasanton, Texas (the "Issuer"), as its bond counsel in connection with an issue of certificates of obligation (the "Certificates") described as follows:

> CITY OF PLEASANTON, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023A, dated December 15, 2023.
>
> The Certificates mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Certificates and in the Ordinance adopted by the City Council of the Issuer authorizing their issuance (the "Ordinance").

We have represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data, or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Ordinance.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials and other certified showings relating to the authorization and issuance of the Certificates. We also have analyzed such laws, regulations, guidance, documents, and other materials as we have deemed necessary to render the opinions herein. Moreover, we have examined executed Certificate No. T-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Certificates with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax-exempt status of the Certificates.

BASED ON SUCH EXAMINATION AND IN RELIANCE ON SUCH REPRESENTATIONS, COVENANTS, AND ASSUMPTIONS, IT IS OUR OPINION that:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective and that therefore the Certificates constitute valid and legally binding obligations of the Issuer; and

(B) A continuing ad valorem tax upon all taxable property within the City of Pleasanton, Texas, necessary to pay the interest on and principal of the Certificates, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law. In addition, the Certificates are further payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the "System"), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City, as provided in the Ordinance.

(C) Interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Certificates is not a specific preference item for purposes of the alternative minimum tax.

The City has reserved the right to issue, for any lawful purpose at any time, Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations, while the Certificates are outstanding, without limitation thereto under law or otherwise.

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that, assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance and in reliance upon the representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Certificates, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Certificates will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the Code), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, and (2) interest on the Certificates will not be included in computing of the alternative minimum taxable income of the owners thereof who are individuals; however, such interest is taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The rights of the owners of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Certificates or any federal, state, or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Certificates. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Certificates could become includable in gross income for federal income tax purposes from the date of the original delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

CANTU HARDEN MONTOYA LLP

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December 28, 2023

$9,580,000
CITY OF PLEASANTON, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2023B

We have represented the City of Pleasanton, Texas (the "Issuer"), as its bond counsel in connection with an issue of certificates of obligation (the "Certificates") described as follows:

> CITY OF PLEASANTON, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023B, dated December 15, 2023.
>
> The Certificates mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Certificates and in the Ordinance adopted by the City Council of the Issuer authorizing their issuance (the "Ordinance").

We have represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data, or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Ordinance.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials and other certified showings relating to the authorization and issuance of the Certificates. We also have analyzed such laws, regulations, guidance, documents, and other materials as we have deemed necessary to render the opinions herein. Moreover, we have examined executed Certificate No. T-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Certificates with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax-exempt status of the Certificates.

BASED ON SUCH EXAMINATION AND IN RELIANCE ON SUCH REPRESENTATIONS, COVENANTS, AND ASSUMPTIONS, IT IS OUR OPINION that:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective and that therefore the Certificates constitute valid and legally binding obligations of the Issuer; and

(B) A continuing ad valorem tax upon all taxable property within the City of Pleasanton, Texas, necessary to pay the interest on and principal of the Certificates, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law. In addition, the Certificates are further payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the "System"), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City, as provided in the Ordinance.

(C) Interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Certificates is not a specific preference item for purposes of the alternative minimum tax.

The City has reserved the right to issue, for any lawful purpose at any time, Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations, while the Certificates are outstanding, without limitation thereto under law or otherwise.

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that, assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance and in reliance upon the representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Certificates, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Certificates will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the Code), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, and (2) interest on the Certificates will not be included in computing of the alternative minimum taxable income of the owners thereof who are individuals; however, such interest is taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2023.

The rights of the owners of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Certificates or any federal, state, or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Certificates. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Certificates could become includable in gross income for federal income tax purposes from the date of the original delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

CANTU HARDEN MONTOYA LLP

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APPENDIX D

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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BASIC FINANCIAL STATEMENTS

CITY OF PLEASANTON

1858

TEXAS

CITY OF PLEASANTON, TEXAS

STATEMENT OF NET POSITION

September 30, 2022

	Primary Government		
ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	$ 19,073,149	$ 12,099,927	$ 31,173,076
Receivables (net of allowance)	2,168,019	716,394	2,884,413
Inventories	22,226	47,805	70,031
Prepaids	32,279	21,624	53,903
Due from fiduciary fund	67,682	-	67,682
Internal balances	618,403	(618,403)	-
Restricted assets:			
Cash and cash equivalents	707,109	-	707,109
Capital assets not being depreciated:			
Land	2,618,956	331,483	2,950,439
Construction in progress	494,935	1,059,537	1,554,472
Capital assets net of accumulated depreciation:			
Building and improvements	13,718,820	364,666	14,083,486
Machinery and equipment	1,724,709	144,695	1,869,404
Intangible	11,831	-	11,831
Infrastructure	11,233,262	-	11,233,262
Right to use asset	1,387,349	83,402	1,470,751
Distribution system	-	13,552,599	13,552,599
Total assets	53,878,729	27,803,729	81,682,458
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	60,417	60,417
Deferred outflows related to pension	619,030	252,842	871,872
Deferred outflows related to OPEB TMRS	59,893	24,464	84,357
Deferred outflows related to OPEB Retiree	1,009,388	336,463	1,345,851
Total deferred outflows of resources	1,688,311	674,186	2,362,497
LIABILITIES			
Accounts payable	429,828	36,086	465,914
Other liabilities	48,135	930	49,065
Accrued wages	40,228	15,324	55,552
Accrued interest payable	96,479	64,973	161,452
Deposits and unearned revenue	119,265	612,639	731,904
Non-current liabilities:			
Due within one year	1,861,813	612,639	2,474,452
Due in more than one year	19,029,175	13,193,222	32,222,397
Net pension liability	2,449,443	1,000,476	3,449,919
Total OPEB liabilities TMRS	267,983	109,458	377,441
Total OPEB liabilities Retiree	3,114,350	1,038,117	4,152,467
Total liabilities	27,456,699	16,683,864	44,140,563
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	23,417	-	23,417
Deferred inflows related to leases	24,379	-	24,379
Deferred inflows related to pension	950,836	388,369	1,339,205
Deferred inflows related to OPEB TMRS	17,537	6,836	24,373
Deferred inflows related to OPEB Retiree	3,651,108	1,217,036	4,868,144
Total deferred inflows of resources	4,667,277	1,612,241	6,279,518
NET POSITION			
Net investment in capital assets (net of related debt)	17,153,367	2,187,834	19,341,201
Restricted for:			
Debt service	565,390	-	565,390
Economic development	548,013	-	548,013
Judicial	40,972	-	40,972
Unrestricted	5,135,322	7,789,010	12,924,332
Total net position	$ 23,443,064	$ 9,976,844	$ 33,419,908

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

CITY OF PLESANTON, TEXAS

STATEMENT OF ACTIVITIES

For the year ended September 30, 2022

		Program Revenues		
Functions/programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General administration	$ 2,636,116	$ 510,962	$ 1,375,345	$ -
Public safety	5,775,992	71,945	-	-
Public transportation	1,632,080	-	-	-
Culture and recreation	2,379,802	200,130	-	-
Public works	1,998,856	2,090,367	-	-
Economic development	365,656	-	-	-
Interest and fiscal charges	673,692	-	-	-
Total governmental activities	15,462,194	2,873,404	1,375,345	-
Business-type activities:				
Water and sewer	6,578,956	6,487,773	-	-
Total business-type activities	6,578,956	6,487,773	-	-
Total primary government	$ 22,041,150	$ 9,361,177	$ 1,375,345	$ -

General revenues:
- Property taxes, levies for general purposes
- Sales taxes
- Franchise fees
- Hotel/motel taxes
- Other taxes
- Unrestricted investment earnings
- Miscellaneous
- Grants and contributions not restricted to specific programs

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Restatement of net position

Net position - ending

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (749,809)	$ -	$ (749,809)
(5,704,047)	-	(5,704,047)
(1,632,080)	-	(1,632,080)
(2,179,672)	-	(2,179,672)
91,511	-	91,511
(365,656)	-	(365,656)
(673,692)	-	(673,692)
(11,213,445)	-	(11,213,445)
-	(91,183)	12,975,546
-	(91,183)	12,975,546
(11,213,445)	(91,183)	1,762,101
4,025,549	-	4,025,549
5,933,218	-	5,933,218
455,086	-	455,086
569,913	-	569,913
38,640	-	38,640
54,198	66,345	120,543
170,477	3,220	173,697
-	-	-
(313,353)	313,353	-
10,933,728	382,918	11,316,646
(279,717)	291,735	12,018
22,996,249	9,662,633	32,658,882
726,532	22,476	749,008
$ 23,443,064	$ 9,976,844	$ 33,419,908

CITY OF PLEASANTON, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2022

	General Fund	Debt Service Fund	Park Improvement Construction Fund	Street Improvement Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 9,895,014	$ 499,988	$ 3,107,238	$ 3,889,172	$ 1,681,737	$ 19,073,149
Receivables (net of allowance)	586,703	247,095	-	-	246,867	1,080,665
Other receivables	993,888	-	-	-	16,091	1,009,979
Due from other funds	3,476,179	14,364	-	2,508,181	199,174	6,197,898
Prepaid asset	32,279	-	-	-	-	32,279
Inventory	-	-	-	-	22,226	22,226
Restricted assets:						
Cash and cash equivalents	-	-	-	-	707,109	707,109
Total assets	$ 14,984,063	$ 761,447	$ 3,107,238	$ 6,397,353	$ 2,873,204	$ 28,123,305
LIABILITIES						
Accounts payable	$ 196,487	$ -	$ 209,220	$ 7,465	$ 16,656	$ 429,828
Other payables	28,520	-	-	-	-	28,520
Accrued wages	40,228	-	-	-	-	40,228
Due to other funds	-	-	3,051,774	-	2,460,039	5,511,813
Unearned revenue	119,265	-	-	-	-	119,265
Other liabilities	19,615	-	-	-	-	19,615
Total liabilities	404,115	-	3,260,994	7,465	2,476,695	6,149,269
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	283,066	217,322	-	-	-	500,388
Deferred revenue - leases	6,486	-	-	-	17,893	24,379
Total deferred inflows of resources	289,552	217,322	-	-	17,893	524,767
FUND BALANCES						
Nonspendable:						
Prepaid	32,279	-	-	-	-	32,279
Inventory	-	-	-	-	22,226	22,226
Restricted:						
Construction	-	-	-	6,389,888	193,259	6,583,147
Debt service	-	544,125	-	-	21,265	565,390
Economic development	-	-	-	-	548,013	548,013
Judicial	-	-	-	-	40,972	40,972
Committed:						
Culture and recreation	-	-	-	-	315,063	315,063
General administration	-	-	-	-	132,791	132,791
Unassigned	14,258,117	-	(153,756)	-	(894,973)	13,209,388
Total fund balances	14,290,396	544,125	(153,756)	6,389,888	378,616	21,449,269
Total liabilities, deferred inflows of resources and fund balances	$ 14,984,063	$ 761,447	$ 3,107,238	$ 6,397,353	$ 2,873,204	$ 28,123,305

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

CITY OF PLEASANTON, TEXAS

RECONCILIATION OF BALANCE SHEET-
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

September 30, 2022

Total fund balances - governmental funds	$ 21,449,269
Amounts reported for governmental funds in the statement of net position are different because:	
Capital assets net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	31,189,862
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	500,388
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	77,375
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(96,479)
Accrued compensation for vacation leave is not due and payable in the current period and, therefore, is not reported in the funds.	(294,763)
Net pension liabilities and related deferred inflows and outflows of resources do not consume current financial resources and are not reported in the funds.	(2,781,249)
OPEB liabilities and related deferred inflows and outflows of resources do not consume current financial resources and are not reported in the funds.	(5,981,697)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(20,619,642)
Net position of governmental activities	$ 23,443,064

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

CITY OF PLEASANTON, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended September 30, 2022

	General Fund	Debt Service Fund	Park Improvement Construction Fund	Street Improvement Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Property	$ 2,098,963	$ 1,929,626	$ -	$ -	$ -	$ 4,028,589
Sales	5,933,218	-	-	-	-	5,933,218
Franchise	455,086	-	-	-	-	455,086
Hotel/motel	-	-	-	-	569,913	569,913
Other	38,640	-	-	-	-	38,640
Intergovernmental	1,231,409	-	-	-	143,936	1,375,345
Licenses and permits	169,490	-	-	-	-	169,490
Charges for services	2,266,752	-	-	-	332,080	2,598,832
Fines and forfeitures	105,082	-	-	-	-	105,082
Interest	21,090	1,672	6,273	8,035	17,128	54,198
Miscellaneous	36,908	-	-	-	133,569	170,477
Total revenues	12,356,638	1,931,298	6,273	8,035	1,196,626	15,498,870
Expenditures:						
General government	2,122,742	-	-	-	304,510	2,427,252
Public safety	4,647,778	-	-	-	8,069	4,655,847
Public transportation	1,051,884	-	-	173	-	1,052,057
Culture and recreation	1,616,448	-	-	-	341,346	1,957,794
Public works	1,657,540	-	47,265	-	270,642	1,975,447
Economic development	-	-	-	-	365,656	365,656
Capital outlay	744,327	-	209,250	285,715	1,109,361	2,348,653
Principal retirement	216,288	990,000	-	-	260,464	1,466,752
Bond issuance costs	-	105,351	-	-	94,091	199,442
Interest and fiscal charges	3,861	544,454	-	-	-	548,315
Total expenditures	12,060,868	1,639,805	256,515	285,888	2,754,139	16,997,215
Excess/(deficiency) of revenues over (under) expenditures	295,770	291,493	(250,242)	(277,853)	(1,557,513)	(1,498,345)
Other financing sources (uses):						
Bond proceeds	-	2,605,000	-	-	-	2,605,000
Payment to escrow agent	-	(3,094,087)	-	-	-	(3,094,087)
Bond premium	-	381,579	-	-	-	381,579
Lease proceeds	561,765	-	-	-	245,759	807,524
Operating transfers in	225,000	-	-	-	1,066,662	1,291,662
Operating transfers out	(823,662)	-	-	-	(781,353)	(1,605,015)
Total other financing sources	(36,897)	(107,508)	-	-	531,068	386,663
Change in fund balance	258,873	183,985	(250,242)	(277,853)	(1,026,445)	(1,111,682)
Fund balances - beginning	12,855,209	360,140	96,486	6,667,741	1,314,264	21,293,840
Restatement of beginning fund balance	1,176,314	-	-	-	90,797	1,267,111
Fund balances - beginning as restated	14,031,523	360,140	96,486	6,667,741	1,405,061	22,560,951
Fund balances - ending	$ 14,290,396	$ 544,125	$ (153,756)	$ 6,389,888	$ 378,616	$ 21,449,269

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

CITY OF PLEASANTON, TEXAS

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

September 30, 2022

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

Net change in fund balances - total governmental funds	$ (1,111,682)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report all capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.	
Current year additions	2,348,653
Current year depreciation	(2,253,808)
Proceeds from capital asset dispositions produces current financial resources in the fund statements, while the net gain (loss) is recognized in the Statement of Activities. This is the net book value of capital assets disposed.	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Ad valorem revenue	(3,040)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal repayments	1,140,000
Bond refunding issuance	107,508
Lease issuance	(807,524)
Lease liability payments	326,752
Amortization of bond premiums	46,581
Governmental funds report required contributions to employee pension as expenditures. However, in the statement of activities, the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded the actuarially determined pension expense.	251,002
Governmental funds report required contributions to employee OPEB as expenditures. However, in the statement of activities, the cost of the OPEB is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded the actuarially determined OPEB expense.	(377,051)
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.	
Compensated absences	25,408
Accrued interest	27,484
Change in net position - governmental activities	$ (279,717)

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

CITY OF PLEASANTON, TEXAS

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

For the year ended September 30, 2022

		Business-Type Activities Enterprise Funds
		Utility Fund 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$	12,099,927
Accounts receivables		716,394
(net of allowance for uncollectibles)		
Prepaid assets		21,624
Inventories		47,805
Total current assets		12,885,750
Non-current assets:		
Capital assets:		
Land		331,483
Construction in progress		1,059,537
Buildings and improvements		633,505
Machinery and equipment		1,696,757
Right to use		121,030
Distribution system		34,653,269
Less accumulated depreciation		(22,959,199)
Total capital assets (net)		15,536,382
Total non-current assets		15,536,382
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding		60,417
GASB 68 outflow		252,842
GASB 75 GRS outflow		24,464
GASB 75 CAP outflow		336,463
Total deferred outflows of resources		674,186
Total assets and deferred outflows of resources	$	29,096,318

(continued)

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

CITY OF PLEASANTON, TEXAS

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

For the year ended September 30, 2022

	Business-Type Activities Enterprise Funds	
	Utility Fund 2022	
LIABILITIES		
Current liabilities payable from current assets:		
Accounts payable	$	36,086
Due to other funds		618,403
Accrued wages payable		15,324
Accrued interest payable		64,973
Other payables		930
Bonds payable - current		817,605
Customer meter deposits		612,639
Total current liabilities (payable)		2,165,960
Non-current liabilities:		
LT Bonds payable (GW)		13,193,222
GASB 68 net pension liability		1,000,476
GASB 75 Cap Risk net pension		1,038,117
GASB 75 GRS net pension liability		109,458
Total non-current liabilities		15,341,273
Total liabilities		17,507,233
DEFERRED INFLOWS OF RESOURCES		
GASB 75 GRS inflow		6,836
GASB 75 CAP inflow		1,217,036
GASB 68 inflow		388,369
Total deferred inflows of resources		1,612,241
NET POSITION		
Net investment in capital assets		2,187,834
Unrestricted		7,789,010
Total net position	$	9,976,844

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

CITY OF PLEASANTON, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS

For the year ended September 30, 2022

	Business-Type Activities Enterprise Funds
	Utility Fund 2022
Operating revenues:	
Charges for services - water	$ 4,036,163
Charges for services - sewer	2,431,834
Miscellaneous	19,776
Total operating revenues	6,487,773
Operating expenses:	
Personnel services	2,608,274
Supplies	179,090
Other services and charges	1,574,241
Depreciation	1,807,771
Total operating expenses	6,169,376
Operating income (loss)	318,397
Nonoperating revenues (expenses):	
Interest income	66,345
Impact fees	3,220
Interest and fiscal charges	(409,580)
Total nonoperating revenues (expenses)	(340,015)
Income (loss) before transfers	(21,618)
Transfers in (out) - net	1,727,308
Transfers out - net	(1,413,955)
Change in net position	291,735
Net position - beginning	9,662,633
Restatement of net position - beginning	22,476
Net position - beginning as restated	9,685,109
Net position - ending	$ 9,976,844

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

CITY OF PLEASANTON, TEXAS

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the year ended September 30, 2022

	Business-Type Activities Enterprise Funds
	Utility Fund 2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 6,523,948
Payments to suppliers	(1,769,626)
Payments to employees	(2,604,356)
Net cash provided by operating activities	2,149,966
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out	(243,548)
Net cash provided by (used in) noncapital financing activities	(243,548)
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Acquisition of capital assets	(1,696,369)
Impact fees	3,220
Principal payment on revenue bonds, notes and capital leases	(762,520)
Interest and fiscal charges	(455,920)
Net cash used in capital and related financing activities	(2,911,589)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	66,345
Net cash provided by (used in) investing activities	66,345
Net increase in cash and cash equivalents	(938,826)
Balances - beginning of year	13,038,753
Balances - end of year	$ 12,099,927

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

CITY OF PLEASANTON, TEXAS

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the year ended September 30, 2022

	Business-Type Activities Enterprise Funds	
	Utility Fund 2022	
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$	318,397
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation expense		1,807,771
Changes in assets, liabilities, and deferred outflows:		
Accounts receivable		(5,498)
Inventory		(21,624)
Net pension liability and OPEB liability		58,321
Accounts payable		5,329
Meter deposits		41,673
Accrued wages payable		(54,403)
Net cash provided by operating activities	$	2,149,966

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

CITY OF PLEASANTON, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended September 30, 2022

	Agency Funds
	Asset Forfeiture Fund
ASSETS	
Cash and cash equivalents	$ 41,627
Total assets	41,627
LIABILITIES	
Accounts payable	17,021
Due to others	67,682
Total liabilities	84,703
NET POSITION	
Held in trust - public safety	(43,076)
Total net position	$ (43,076)

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

CITY OF PLEASANTON, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended September 30, 2022

	Agency Funds
	Asset Forfeiture Fund
ADDITIONS	
Contributions:	
Forfeitures	$ 43,757
Intergovernmental	-
Total contributions	43,757
Investment earnings:	
Interest received	66
Total investment earnings	66
Total additions	43,823
DEDUCTIONS	
Supplies and equipment	31,871
Total deductions	31,871
Change in net position	11,952
NET POSITION - beginning	(55,028)
NET POSITION - ending	$ (43,076)

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF PLEASANTON
1858
TEXAS

(1) Summary of significant accounting policies

Reporting entity

The City of Pleasanton, Texas was incorporated by an election. The City operates under a General Law type of government and provides the following services: public safety (fire, ambulance, and law enforcement), public transportation (streets), health, culture, recreation, public facilities, legal, election functions, and general administrative services. The accounting policies of the City of Pleasanton, Texas (the City) conform to generally accepted accounting principles. The City also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

The accounts of the City are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and how spending activities are controlled.

Government-wide and fund financial statements

The City's government-wide financial statements include a statement of net position and a statement of activities. Government-wide statements report information on all the activities of the City. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

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

The government-wide financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying statement of net position. The statement of net position presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in four categories: 1) charges for services, 2) operating grants and contributions, 3) taxes, and 4) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, those transactions between governmental and business-type activities have not been eliminated. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(1) Summary of significant accounting policies (continued)

Governmental fund financial statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets (the City's deferred outflows of resources and deferred inflows of resources are noncurrent). The statement of revenues, expenditures and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, and franchise taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for monies used to pay the general obligation debt.

The *street improvement construction fund* accounts for monies used to pay for the maintenance and improvement of City streets.

The *park improvement construction fund* accounts for monies used to pay for the park improvement.

Proprietary fund financial statements

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in fund net position, and a statement of cash flows for each major proprietary fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

(1) Summary of significant accounting policies (continued)

Proprietary fund financial statements (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund (water and sewer) are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major proprietary funds:

The *utility fund* accounts for the activities of the water distribution system, the sewer and sewage treatment plant, sewage pumping stations and collection systems.

Fiduciary fund types

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The City's fiduciary funds include the following: the asset forfeiture fund is accounted for as an agency fund and is used to help defray the costs of the local police department.

Assets, liabilities, and net position or fund balance

Deposits and investments

The City's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the City are reported at fair value. The State's Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as fair value of the pool shares.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

(1) Summary of significant accounting policies (continued)

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loan) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2021 and past due after January 31, 2022. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible. Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable allowance in excess of 30 to 90 days is equal to 2 percent of outstanding trade accounts receivable at September 30, 2022, the trade accounts receivable allowance in excess of 90 days is equal to 90 percent of outstanding trade accounts receivable at September 30, 2022. There is no allowance for property tax receivable at September 30, 2022.

Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. There were no prepaid items at September 30, 2022.

(1) Summary of significant accounting policies (continued)

Fund balances – governmental funds

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

Assigned – represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed.

Unassigned – represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2012, the City Council adopted a minimum fund balance policy for the general fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 25 to 33 percent of the subsequent year’s budgeted general fund expenditures.

(1) Summary of significant accounting policies (continued)

Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of $5,000 (amount not rounded) and an estimated useful life more than two years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, governmental funds and proprietary financial statements.

(1) Summary of significant accounting policies (continued)

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Restricted assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Assets are set aside for future projects.

Reclassifications

Certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Deferred outflows/inflows of resources

The statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

The statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF PLEASANTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

(1) Summary of significant accounting policies (continued)

Other postemployment benefits

The other postemployment benefit liability of the Texas Municipal Retirement System (TMRS) Supplemental Death Benefit Plan (SDBF) and retiree healthcare plan have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the other postemployment benefit (OPEB) liability and deferred outflows and inflows of resources related to the other postemployment benefits, (OPEB) expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. Contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for water and sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

Use of estimates

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

New accounting policy

As of October 1, 2021, the City implemented GASB Statement No. 87, *Leases*. The objectives of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

(2) Stewardship, compliance, and accountability

Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major governmental funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control is the fund; whereby budgeted expenditures may not exceed budgeted revenues plus beginning unrestricted equity.

(2) Stewardship, compliance, and accountability (continued)

Budgetary information (continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Excess of expenditures over appropriations

For the year ended September 30, 2022, actual expenditures did not exceed budgeted expenditures for any fund.

Deficit fund equity

The City's Park Improvement Construction Fund and three non-major governmental funds had deficit fund balances at September 30, 2022. These deficits will be eliminated with transfers from the general fund in 2023 fiscal year. The deficits total $1,048,729 at September 30, 2022.

(3) Detailed notes on all funds

Deposits and investments

Legal and contractual provisions governing deposits and investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowance stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (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, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City follows the requirements of the Act and with local policies.

The City's deposits are entirely with the City depository and were fully covered by federal depository insurance (FDIC) or by collateral held by the City's agent in the City's name. The FDIC insures the first $500,000 of the City's deposits at each financial institution. Deposit balances over $500,000 are insured by the collateral. As of the year end, the City's bank balances totaled $32,594,760 while the value of securities pledged at September 30, 2022 was $34,245,483. The book balance of the City's bank balances at September 30, 2022 was $31,943,434.

(3) Detailed notes on all funds (continued)

Receivables

Receivables as of year end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Receivables:	General	Debt Service	Other Governmental Funds	Water	Total
Taxes	$ 1,338,085	$ 247,095	$ 171,976	$ -	$ 1,757,156
Accounts	297,642	-	-	854,954	1,152,596
Intergovernmental	-	-	356,471	-	356,471
Related party	-	-	-	23,014	23,014
Other	6,492	-	-	-	6,492
Gross receivables	1,642,219	247,095	528,447	877,968	3,295,729
Less uncollectible	(61,628)	-	-	(161,574)	(223,202)
Net total receivables	$ 1,580,591	$ 247,095	$ 528,447	$ 716,394	$ 3,072,527

The receivables are expected to be collected within one year.

Lease receivables

For the year ended September 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases.* The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

On January 1, 2019, the City entered into a 60-month lease as lessor for the use of airport hangar space. As of September 30, 2022, the value of the lease receivable is $16,091. The lessee is required to make annual fixed payments of $16,142. The lease has an interest rate of 0.315%. The value of the deferred inflow of resources as of September 30, 2022 was $17,893, and the City recognized lease revenue of $14,315 during the fiscal year.

On November 1, 2018, the City entered into a 60-month lease as lessor for the use of a building. As of September 30, 2022, the value of the lease receivable is $6,492. The lessee is required to make annual fixed payments of $6,000. The lease has an interest rate of 0.218%. The value of the deferred inflow of resources as of September 30, 2022 was $6,486, and the City recognized lease revenue of $5,987 during the fiscal year.

(3) Detailed notes on all funds (continued)

Lease receivables (continued)

Future minimum lease receipts on these leases are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Total
2023	$ 22,083	$ 59	$ 22,142
2024	500	-	500
Total	$ 22,583	$ 59	$ 22,642

Capital assets

Capital asset activity for the year ended September 30, 2022, was as follows:

Governmental activities:	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated:					
Land	$ 2,618,956	$ -	$ -	$ -	$ 2,618,956
Construction in progress	-	494,935	-	-	494,935
Total capital assets, not being depreciated	2,618,956	494,935	-	-	3,113,891
Capital assets, being depreciated:					
Buildings and improvements	18,807,592	-	-	-	18,807,592
Machinery and equipment	7,027,081	1,044,380	-	-	8,071,461
Intangible	99,299	-	-	-	99,299
Infrastructure	14,088,336	-	-	-	14,088,336
Right to use	908,028	809,338	-	-	1,717,366
Total capital assets being depreciated	40,930,336	1,853,718	-	-	42,784,054
Less accumulated depreciation for:					
Buildings and improvements	(4,469,297)	(619,475)	-	-	(5,088,772)
Machinery and equipment	(5,346,394)	(1,000,358)	-	-	(6,346,752)
Intangible	(78,489)	(8,979)	-	-	(87,468)
Infrastructure	(2,560,095)	(294,979)	-	-	(2,855,074)
Right to use	-	(330,017)	-	-	(330,017)
Total accumulated depreciation	(12,454,275)	(2,253,808)	-	-	(14,708,083)
Total capital assets being depreciated, net	28,476,061	(400,090)	-	-	28,075,971
Governmental activities capital assets, net	$ 31,095,017	$ 94,845	$ -	$ -	$ 31,189,862

(3) Detailed notes on all funds (continued)

Capital assets (continued)

Business-type activities:	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated:					
Land	$ 331,483	$ -	$ -	$ -	$ 331,483
Construction in progress	31,687	1,027,850	-	-	1,059,537
Total capital assets, not being depreciated	363,170	1,027,850	-	-	1,391,020
Capital assets, being depreciated:					
Machinery, equipment, and vehicles	1,696,757	-	-	-	1,696,757
Buildings and improvements	278,341	355,164	-	-	633,505
Distribution system	34,339,916	313,353	-	-	34,653,269
Right to use	121,030	-	-	-	121,030
Total capital assets being depreciated	36,436,044	668,517	-	-	37,104,561
Less accumulated depreciation for:					
Machinery, equipment, and vehicles	(1,407,492)	(144,570)	-	-	(1,552,062)
Buildings and improvements	(228,786)	(40,053)	-	-	(268,839)
Distribution system	(19,515,151)	(1,585,519)	-	-	(21,100,670)
Right to use	-	(37,628)	-	-	(37,628)
Total accumulated depreciation	(21,151,429)	(1,807,770)	-	-	(22,959,199)
Total capital assets being depreciated, net	15,284,615	(1,139,253)	-	-	14,145,362
Business-type activities capital assets, net	$ 15,647,785	$ (111,403)	$ -	$ -	$ 15,536,382

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

Governmental activities:	
General administration	$ 207,419
Public safety	1,109,078
Public transportation	544,589
Culture and recreation	369,313
Public works	23,409
Total depreciation expense – governmental activities	$ 2,253,808
Business-type activities:	
Water	$ 909,044
Sewer	898,726
Total depreciation expense – business-type activities	$ 1,807,770

(3) Detailed notes on all funds (continued)

Construction commitments

The City has active construction projects as of September 30, 2022. There were water projects, street drainage projects, and a park project.

Interfund receivables, payables, and transfers

Interfund transfers: transfers are used to 1) move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provides as subsidies or matching funds for various grant programs.

In the year ended September 30, 2022, the City made the following non-recurring transfers – the transfers were for operating expenses:

	Transfers In			
Transfers out:	General Fund	Utility Fund	Nonmajor Governmental Funds	Totals
General fund	$ -	$ 313,353	$ 285,309	$ 598,662
Totals	$ -	$ 313,353	$ 285,309	$ 598,662

The composition of interfund balances as of September 30, 2022 are as follows:

	Due From					
Due to:	General Fund	Park Improvement Construction Fund	Utility Fund	Nonmajor Governmental Funds	Agency Fund	Totals
General fund	$ -	$ 543,593	$ 604,039	$ 2,260,865	$ 67,682	$ 3,476,179
Debt service fund	-	-	14,364	-	-	14,364
Street improvement const. fund	-	2,508,181	-	-	-	2,508,181
Nonmajor governmental funds	-	-	-	199,174	-	199,174
Totals	$ -	$ 3,051,774	$ 618,403	$ 2,460,039	$ 67,682	$ 6,197,898

The outstanding balances between funds result mainly from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between fund are made. The amount due to the general fund from the utility fund is to help with the debt service commitments and construction commitments of the utility fund. The amount due from the general to the utility fund is to help with the debt service. All are expected to be repaid in the 2022-2023 year.

(3) Detailed notes on all funds (continued)

Long-term liabilities

General obligation debt

The government issues Certificates of Obligation, Revenue, and General Obligation Bonds to provide funds for the acquisition, improvement, and construction of major capital facilities. Certificates of Obligation, Revenue, and General Obligation bonds have been issued for both governmental and business-type activities:

Bonds currently outstanding along with any covenants and security pledged are as follows:

Purpose	Rate	Original Amounts	Current Amounts	Series	Maturity Date	Covenants	Security
Governmental activities	3.00%	$ 6,835,000	$ 5,620,000	2019	2039	Paying agent	Tax and limited pledge
Governmental activities	2.50-5.00%	2,750,000	210,000	2008	2023	Sinking fund 2%	Tax and limited pledge
Governmental activities	3.00-4.00%	2,870,000	2,410,000	2015	2035	Paying agent	Tax and limited pledge
Governmental activities	3.00-4.00%	3,495,000	2,645,000	2016	2036	Paying agent	Tax and limited pledge
Governmental activities	2.00-5.00%	4,533,750	4,580,000	2021	2041	Paying agent	Tax and limited pledge
Governmental activities	2.00-5.00%	2,605,000	2,605,000	2021	2041	Paying agent	Tax and limited pledge
Business-type activities	3.00-5.00%	1,985,000	1,590,000	2017	2037	Paying agent	Tax and limited pledge
Business-type activities	2.00-5.00%	5,541,250	5,495,000	2021	2041	Paying agent	Tax and limited pledge
Business-type activities	1.798%	4,020,000	1,905,000	2015	2027	Paying agent	Tax and limited pledge
Business-type activities	2.00-3.75%	5,800,000	4,165,000	2014	2034	Interest and sinking 2%	Tax and limited pledge

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	Governmental Activities		Business-Type Activities	
September 30,	Principal	Interest	Principal	Interest
2023	$ 1,395,000	$ 578,872	$ 780,000	$ 381,871
2024	1,225,000	528,075	975,000	358,980
2025	1,075,000	483,125	1,005,500	330,630
2026	1,110,000	442,200	1,035,000	300,446
2027	995,000	402,950	1,060,000	268,114
2028-2032	5,600,000	1,404,044	3,765,000	907,162
2033-2037	4,755,000	539,600	3,090,000	316,044
2038-2041	1,915,000	70,000	1,445,000	58,450
	$ 18,070,000	$ 4,448,866	$ 13,155,500	$ 2,921,697

(3) Detailed notes on all funds (continued)

Long-term liabilities (continued)

Bond refunding

During the year, the City issued Series 2021 General Obligation Refunding Bonds in the amount of $2,605,000 to refund Combination Tax and Revenue Bonds, Series 2009 and Series 2013 in the amount of $3,035,000, by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the escrow cash account for the defeased bonds are not included in the City's financial statements. As a result of the refunding, the City reduced its total debt service requirements by $439,386 which resulted in an economic gain of $410,255.

Lease payable

At September 30, 2022, the City was obligated under right to use leases for various equipment and facilities.

Future minimum lease payments on these leases are as follows:

Year Ending	Governmental Activities			Business-Type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2023	$ 428,123	$ 12,506	$ 440,629	$ 37,605	$ 210	$ 37,815
2024	429,842	8,567	438,409	37,724	90	37,814
2025	361,482	4,601	366,083	8,183	1	8,184
2026	151,937	1,243	153,180	-	-	-
2027	17,415	23	17,438	-	-	-
Total	$ 1,388,799	$ 26,940	$ 1,415,739	$ 83,512	$ 301	$ 83,813

(3) Detailed notes on all funds (continued)

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Long-term debt:					
General obligation bonds	$ 19,640,000	$ 2,605,000	$ 4,175,000	$ 18,070,000	$ 1,360,000
Lease liability	908,028	807,524	326,752	1,388,800	428,123
Less issuance premium	886,325	381,579	130,479	1,137,425	-
Total long-term debt	21,434,353	3,794,103	4,632,231	20,596,225	1,788,123
Other long-term liabilities:					
Net pension liability - GASB 68	3,509,030	-	1,059,588	2,449,442	-
OPEB liability - GASB 75 - Cap risk	4,782,322	-	1,667,972	3,114,350	-
OPEB liability - GASB 75 - GRS	255,725	12,258	-	267,983	-
Compensated absences	320,171	54,635	80,043	294,763	73,690
Total other long-term liabilities	8,867,248	66,893	2,807,603	6,126,538	73,690
Governmental activities - long-term liabilities	30,301,601	3,860,996	7,439,834	26,722,763	1,861,813
Business-type activities:					
Long-term debt:					
Revenue bonds	13,880,000	-	725,000	13,155,000	780,000
Lease liability	121,029	-	37,519	83,510	37,605
Less issuance premium	689,162	-	36,823	652,339	-
Total long-term debt	14,690,191	-	799,342	13,890,849	817,605
Other long-term liabilities:					
Net pension liability - GASB 68	1,247,584	-	247,107	1,000,477	-
OPEB liability - GASB 75 - Cap risk	1,718,932	-	680,815	1,038,117	-
OPEB liability - GASB 75 - GRS	91,917	17,541	-	109,458	-
Compensated absences	119,978	29,994	29,994	119,978	29,994
Total other long-term liabilities	3,178,411	47,535	957,916	2,268,030	29,994
Business-type activities - long-term liabilities	17,868,602	47,535	1,757,258	16,158,879	847,599
Total	$ 48,170,203	$ 3,908,531	$ 9,197,092	$ 42,881,642	$ 2,709,412

The governmental activities compensated absences, net pension liability, and OPEB liability are services by the general fund.

Segment information

The City issued revenue bonds to finance certain improvements to its utility system and airport. Because the utility system is reported as a major fund in the fund financial statements, separate segment disclosures for it are not required.

(4) Other information

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage, and subrogation).

General liability insurance

The City is insured for general, police officers and automobile liability. Expenditures for self-insured liabilities are accounted for in the general fund, which will pay for any liabilities incurred.

The City has joined with other governments in the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for auto vehicle insurance coverage. The agreement with TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than $500,000 to $1,000,000 for each insurance event. The City anticipates no contingent losses.

TML has published its own financial report that can be obtained from the Texas Municipal League Intergovernmental Risk Pool, Austin, Texas.

The City carries commercial fidelity bonds for elected officials and for management.

Property and casualty insurance - Property, casualty, mobile equipment, boiler, and machinery insurance is provided by TML.

Worker's compensation insurance - The City insures against worker's compensation claims through TML.

Group health and life insurance

The City maintains a group health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid.

Unemployment compensation insurance

The City self-insures for unemployment compensation claims through an agreement with Texas Workforce Commission (TWC). Under the agreement, TWC administers all claims and is reimbursed by the City for claims incurred plus administrative charges.

380 agreements

The Chapter 380 Incentive Program, authorized by Chapter 380 of the Texas Local Government Code, enables the City to provide grants or reimbursements from the City's general fund. Businesses that have a 380 incentive agreement with the City are eligible to receive a reimbursement of taxes paid for the year if they have met the requirements outlined in the agreement by a certain date each year. For the fiscal year ended September 30, 2022, the City reimbursed $25,900 for sales tax rebate.

(5) Employees' retirement systems

Texas Municipal Retirement System (TMRS)

Plan description

The City of Pleasanton participates as one of 901 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the system with a six-member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.tmrs.com.

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

Benefits provided

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

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest and the City-financed monetary credits with interest. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member's contributions and interest.

The plan provisions are adopted by the City Council within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7% and the City's matching percent is currently 2 to 1.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Active members	109
Inactive employees or beneficiaries currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	86
Total	251

(5) Employees' retirement systems (continued)

Texas Municipal Retirement System (TMRS) (continued)

Contributions

The contribution rates for members in TMRS are either 5%, 6%, or 7% of member's total compensation, and the City matching percentages are either 1:1, 1.5:1, or 2:1, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the entry age normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City of Pleasanton were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 15.01% and 15.18% in calendar years 2022 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were $772,662 and were equal to the required contributions.

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2021 and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the general employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

(5) Employees' retirement systems (continued)

Texas Municipal Retirement System (TMRS) (continued)

Actuarial assumptions (continued)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates (APRs) is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35.00%	7.55%
Core fixed income	6.00%	2.00%
Non-core fixed income	20.00%	5.68%
Other public and private markets	12.00%	7.22%
Real estate	12.00%	6.85%
Hedge funds	5.00%	5.35%
Private equity	10.00%	10.00%
Total	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(5) Employees' retirement systems (continued)

Texas Municipal Retirement System (TMRS) (continued)

Changes in net pension liability

The schedule below presents the changes in the net pension liability (asset) as of December 31, 2021:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2020	$ 23,402,569	$ 18,645,955	$ 4,756,614
Changes for the year:			
Service cost	986,128	-	986,128
Interest	1,585,972	-	1,585,972
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(90,974)	-	(90,974)
Changes of assumptions	-	-	-
Contributions - employer	-	933,234	(933,234)
Contributions - employee	-	430,624	(430,624)
Net investment income	-	2,435,135	(2,435,135)
Benefit payments, including refunds of employee contributions	(799,495)	(799,495)	-
Administrative expenses	-	(11,247)	11,247
Other changes	-	75	(75)
Net changes	1,681,631	2,988,326	(1,306,695)
Balance at 12/31/2021	$ 25,084,200	$ 21,634,281	$ 3,449,919

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	$ 7,423,162	$ 3,449,919	$ 245,271

(5) Employees' retirement systems (continued)

Texas Municipal Retirement System (TMRS) (continued)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by participating City. That report may be obtained on the internet at www.tmrs.com.

Pension expense and deferred outflows/inflows of resources related to pensions

For the year ended September 30, 2022, the City recognized pension expense of $507,881.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 112,765	$ 94,725
Changes of assumptions	30,254	-
Net difference in projected and actual earnings on pension plan investments	-	1,244,480
Contributions made subsequent to the measurement date	728,854	-
Total	$ 871,873	$ 1,339,205

The City reported $728,854 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year December 31	Net Deferred Outflows/(Inflows)
2023	$ (157,584)
2024	(519,438)
2025	(283,859)
2026	(235,305)
2027	-
Thereafter	-
Total	$ (1,196,186)

(6) Other postemployment benefits (OPEB) plan

Retiree Health Care Plan

Plan description **- t**he City of Pleasanton makes available a single-employer group hospitalization and medical insurance for retirees who are:

- Eligible for retirement per the established criteria through the Texas Municipal Retirement System
- Must have at least 20 years of services with the City and not retired under other public retirement plans

The coverage extends to the employee only. The plan does not issue a separate set of financial statements.

Benefits provided **- t**he City of Pleasanton's retirement health plan provides medical and dental benefits to eligible retirees. No coverage is provided to dependents of the retiree.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Contributions - **t**he City contributes to the retiree health insurance at an amount approved by City Council through the annual approved budget. The retiree medical contribution rate is $325.54 per month for employee coverage provided after 10 years of coverage and before age 65. Eligible retirees do not contribute to the plan during the first 10 years of retirement or after reaching age 65.

The City's contributions to the retiree health plan for the year ended September 30, 2022 were $31,575 and were equal to the required contributions.

Employees covered by benefit terms **- a**t the September 30, 2022 valuation date, the following employees were covered by the benefit terms:

Active members	106
Inactive, nonretired members	-
Retirees and beneficiaries	2
Total	108

OPEB liability **- t**he City's total OPEB liability of $4,152,467 was measured as of September 30, 2022 and was determined by an actuarial valuation as of September 30, 2022.

(6) Other postemployment benefits (OPEB) plan (continued)

Retiree Health Care Plan (continued)

Actuarial assumptions:

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Mortality	RPH-2014 Total Table with Projection MP-2021
Turnover	Rates varying based on gender, age and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report. More detail is shown below.
Disability	None assumed
Retirement Rates	Detail is shown below
Retiree Contributions	$325.54 per month for employee coverage provided
Salary Scale	3.50%
Data Assumptions	
Coverage	100% of all retirees who currently have health care coverage will continue with the same coverage. 100% of all actives who currently have health care coverage will continue with employee only coverage upon retirement.
Valuation Methodology and Terminology	We have used GASB accounting methodology to determine the postretirement medical benefit obligations.
Valuation Date	September 30, 2022
Measurement Date	September 30, 2022

The discount rate was selected by reviewing the recent published S&P Municipal Bond 20 Year High Grade Rate Index. This is one of the indices acceptable under GASB 75. This index is published daily and has trended up in recent months. We selected 4.77% as the discount rate for this valuation.

The termination rates were developed from the withdrawal assumption used in the 2017 actuarial report for the Texas Municipal Retirement System ("TMRS). The rates are a 9 year select and ultimate table. The following are representative rates used in this valuation.

(6) Other postemployment benefits (OPEB) plan (continued)

Retiree Health Care Plan (continued)

Other information:

The discount rate was 4.77% as of September 30, 2022.

Changes in the total OPEB liability:

Balance at 10/1/2021	$	6,501,254
Changes for the year:		
Service cost		624,592
Interest on total OPEB liability		160,687
Changes of benefit terms		-
Difference between expected and actual experience		234,232
Changes of assumptions		(3,336,723)
Benefit payments		(31,575)
Net changes		(2,348,787)
Balance at 9/30/2022	$	4,152,467

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.77%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current rate:

	1% Decrease (3.77%)	Current Discount Rate (4.77%)	1% Increase (5.77%)
OPEB liability	$ 5,202,367	$ 4,152,467	$ 3,360,129

Sensitivity of the total OPEB liability to the health care cost trend rate assumption:

The following presents the total OPEB liability of the City, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
OPEB liability	$ 3,253,569	$ 4,152,467	$ 5,384,627

(6) Other postemployment benefits (OPEB) plan (continued)

Retiree Health Care Plan (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended September 30, 2022, the City recognized OPEB expense of $369,135 related to retiree health care.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 286,726	$ 1,587,752
Changes in actuarial assumptions	1,059,125	3,280,392
Contributions made subsequent to the measurement date	-	-
Total	$ 1,345,851	$ 4,868,144

The City reported $43,451 as deferred outflows of resources related to the OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Net Deferred Outflows/(Inflows)
2023	$ (416,144)
2024	(416,144)
2025	(416,144)
2026	(416,144)
2027	(467,355)
Thereafter	(1,390,362)
	$ (3,522,293)

(6) Other postemployment benefits (OPEB) plan (continued)

Supplemental death benefits fund (SDBF) (continued)

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

Benefits provided - the death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary calculated based on the employee's actual earnings, for the 12-month period preceding the month of death. Retired employees are insured for $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Contributions - the City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis.

The contribution rate for the City was 0.15% for the calendar years 2021 and 2022. The City's contributions to TMRS for the year ended September 30, 2022 were $7,635 and were equal to the required contributions.

Employees covered by benefit terms - at the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	109
Inactive employees currently receiving benefits	38
Inactive employees entitled to but not yet receiving benefits	24
Total	171

OPEB liability - the City's total OPEB liability of $377,441 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

(6) Other postemployment benefits (OPEB) plan (continued)

Supplemental death benefits fund (SDBF) (continued)

Actuarial assumptions:

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.50% to 11.5% including inflation
Discount rate *	1.84%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

(6) Other postemployment benefits (OPEB) plan (continued)

Changes in the total OPEB liability:

Balance at December 31, 2020	$	347,642
Changes for the year:		
Service cost		21,531
Interest on the total OPEB liability		7,137
Changes of benefit terms		-
Difference between expected and actual experience		(9,148)
Changes of assumptions		13,355
Benefit payments		(3,076)
Net changes		29,799
Balance at December 31, 2021	$	377,441

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1% Decrease (.84%)	Current Discount Rate (1.84%)	1% Increase (2.84%)
OPEB liability	$ 478,173	$ 377,441	$ 302,420

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended September 30, 2022, the City recognized OPEB expense of $45,866.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,894	$ 18,395
Changes in actuarial assumptions	73,179	5,978
Contributions made subsequent to the measurement date	7,284	-
Total	$ 84,357	$ 24,373

(6) Other postemployment benefits (OPEB) plan (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (continued):

The City reported $7,284 as deferred outflows of resources related to the OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan Year December 31	Net Deferred Outflows/(Inflows)
2023	$ 16,954
2024	13,826
2025	13,979
2026	7,509
2027	432
Thereafter	-
Total	$ 52,700

(7) Restatement of fund balance and net position

The City recognized the below restatements to the beginning fund balances and net position for the fiscal year ended September 30, 2022:

Fund Level:

Description	General Fund	Other Governmental Funds	Utility Fund
Sales taxes from the prior year fiscal year not recognized	$ 891,233	$ 90,797	$ -
Long-term liabilities carried at the fund level	320,171	-	-
Cash deposits from the prior year not recognized	26,230	-	-
Franchise tax revenue earned in the prior year	20,824	-	-
Expenses related to prior year payroll taxes	(59,987)	-	-
Expenses incurred in the prior year related to the 380 agreement	(2,327)	-	-
Payroll related liabilities which had cleared in the prior year	(15,046)	-	-
Prior year expenses from the payroll and accounts payable clearing funds	(4,784)	-	-
Properly state beginning bond payable	-	-	46,250
Properly state beginning pension liability	-	-	(65,626)
Properly state beginning bond premium liability for bond previously refunded	-	-	10,166
Prior year capital additions that were expensed and not capitalized	-	-	31,686
Total	$ 1,176,314	$ 90,797	$ 22,476

Government-Wide Activities	Governmental Activities	Business-Type Activities
Fund level activity carried to the government-wide statement of net position	$ 946,940	$ 22,476
Properly state beginning pension liability	(189,582)	-
Properly state beginning bond premium liability for bond previously refunded	15,424	-
Properly state beginning bond payable	(46,250)	-
Total	$ 726,532	$ 22,476

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PLEASANTON

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CITY OF PLEASANTON, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

For the year ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget-Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes:				
Property	$ 2,180,000	$ 2,180,000	$ 2,098,963	$ (81,037)
Sales	5,150,000	5,150,000	5,933,218	783,218
Franchise	410,000	410,000	455,086	45,086
Other	46,000	46,000	38,640	(7,360)
Intergovernmental	550,000	550,000	1,231,409	681,409
Licenses and permits	235,000	235,000	169,490	(65,510)
Charges for services	2,208,550	2,208,550	2,266,752	58,202
Fines and forfeitures	323,000	323,000	105,082	(217,918)
Interest	56,000	56,000	21,090	(34,910)
Miscellaneous	143,900	143,900	36,908	(106,992)
Total revenues	11,302,450	11,302,450	12,356,638	1,054,188
Expenditures:				
General government				
Administration	958,389	958,389	1,189,337	(230,948)
City Council	103,551	103,551	60,569	42,982
Community development	448,327	448,327	393,045	55,282
Elections	10,000	10,000	12,888	(2,888)
Non-departmental	130,000	247,652	231,200	16,452
Planning	145,000	145,000	235,703	(90,703)
Total general government	1,795,267	1,912,919	2,122,742	(209,823)
Public safety				
Animal control	199,338	199,338	210,589	(11,251)
EMS	182,000	182,000	5,091	176,909
Fire department	934,045	1,198,768	1,002,293	196,475
Municipal court	293,126	293,126	213,245	79,881
Police	3,133,966	3,133,966	3,216,560	(82,594)
Total public safety	4,742,475	5,007,198	4,647,778	359,420

(continued)

CITY OF PLEASANTON, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

For the year ended September 30, 2022

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Expenditures (continued):				
Public transportation				
Streets	$ 1,168,782	$ 1,168,782	$ 1,051,884	$ 116,898
Culture and recreation				
Civic center	133,174	133,174	98,655	34,519
Library	304,802	304,802	278,575	26,227
Museum	140,125	140,125	136,193	3,932
Parks	884,152	884,152	936,904	(52,752)
Pool	119,390	119,390	166,121	(46,731)
Total culture and recreation	1,581,643	1,581,643	1,616,448	(34,805)
Public works sanitation				
Sanitation	1,500,000	1,500,000	1,657,540	(157,540)
Capital outlay	172,000	172,000	744,327	(572,327)
Debt service - principal	-	-	216,288	(216,288)
Debt service - interest	-	-	3,861	(3,861)
Total debt service	-	-	220,149	(220,149)
Total expenditures	10,960,167	11,342,542	12,060,868	(718,326)
Excess/(deficiency) of revenues over (under) expenditures	342,283	(40,092)	295,770	335,862
Other financing sources (uses):				
Lease proceeds	-	-	561,765	561,765
Operating transfers in	225,000	225,000	225,000	-
Operating transfers out	(830,669)	(830,669)	(823,662)	7,007
Total other financing sources (uses)	(605,669)	(605,669)	(36,897)	568,772
Net changes in fund balances - budgetary basis	$ (263,386)	$ (645,761)	$ 258,873	$ 904,634

Note 1 – Basis of budgeting – annual budgets are adopted on a basis consistent with generally accepted accounting principles and therefore no reconciliation between the basis of budgeting and generally accepted principles is required.

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CITY OF PLEASANTON, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS) RELATED RATIOS

For the year ended September 30,

	Plan Year Ended December 31, 2021	Plan Year Ended December 31, 2020
Total pension liability		
Service cost	$ 986,128	$ 946,489
Interest	1,585,972	1,473,005
Differences between expected and actual experience	(90,974)	65,423
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(799,495)	(862,812)
Net change in total pension liability	1,681,631	1,622,105
Total pension liability - beginning	23,402,569	21,780,464
Total pension liability - ending (a)	25,084,200	23,402,569
Plan fiduciary net position		
Contributions - employer	933,234	904,574
Contributions - employee	430,624	414,867
Net investment income	2,435,135	1,285,780
Benefit payments, including refunds of employee contributions	(799,495)	(862,812)
Administrative expense	(11,247)	(8,307)
Other	75	(322)
Net change in plan fiduciary net position	2,988,326	1,733,780
Plan fiduciary net position - beginning	18,645,955	16,912,175
Plan fiduciary net position - ending (b)*	21,634,281	18,645,955
City's net position liability - ending (a) - (b)	$ 3,449,919	$ 4,756,614
Plan fiduciary net position as a percentage of the total pension liability	86.25%	79.67%
Covered payroll	$ 6,151,765	$ 5,926,671
City's net pension liability as a percentage of covered payroll	56.08%	80.26%

(continued)

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the fifth year of implementation of GASB 68. The City will develop the schedule prospectively.

Plan Year Ended December 31, 2019	Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2017
$ 904,515	$ 822,086	$ 819,488
1,339,636	1,281,124	1,170,210
349,789	(551,373)	390,258
131,096	-	-
(677,553)	(774,862)	(701,301)
2,047,483	776,975	1,678,655
19,732,981	18,956,006	17,277,351
21,780,464	19,732,981	18,956,006
886,211	782,244	867,960
392,780	353,043	353,445
2,188,543	(426,108)	1,668,525
(677,553)	(774,862)	(701,300)
(12,348)	(8,226)	(8,640)
(371)	(430)	(438)
2,777,262	(74,339)	2,179,552
14,134,913	14,209,252	12,029,700
16,912,175	14,134,913	14,209,252
$ 4,868,289	$ 5,598,068	$ 4,746,754
77.65%	71.63%	74.96%
$ 5,611,137	$ 5,043,475	$ 5,049,218
86.76%	111.00%	94.01%

CITY OF PLEASANTON, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS AND NOTES TO SCHEDULE OF CONTRIBUTIONS – NET PENSION LIABILITY

For the year ended September 30,

	2022
Actuarially determined contribution	$ 772,662
Contributions in relation to the actuarially determined contribution	772,662
Contributions deficiency (excess)	$ -
Covered payroll	$ 5,090,002
Contributions as a percentage of covered payroll	15.18%

Notes to schedule of contributions	
Valuation date	
Notes	Actuarially determined contributions are determined as of December 31 and become effective in January 13 months later.
Methods and assumptions used to Determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	10 year smoothed market; 12.0% soft corridor
Actuarial assumption:	
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the public safety table used for males and the general employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other information:	
Notes	There were no benefit changes during the year.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the first year data was available. The City will develop the schedule prospectively.

CITY OF PLEASANTON, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS) RELATED RATIOS - SDBF

For the year ended September 30,

	Plan Year Ended December 31, 2021	Plan Year Ended December 31, 2020	Plan Year Ended December 31, 2019	Plan Year Ended December 31, 2018
Total OPEB liability				
Service cost	$ 21,531	$ 16,595	$ 11,783	$ 12,104
Interest	7,137	7,696	8,493	7,213
Differences between expected and actual experience	(9,148)	344	(22,518)	11,282
Changes of assumptions	13,355	52,045	51,910	(18,362)
Benefit payments *	(3,076)	(1,185)	(1,122)	(1,009)
Net change in total OPEB liability	29,799	75,495	48,546	11,228
Total OPEB liability - beginning	347,642	272,147	223,601	212,373
Total OPEB liability - ending	$ 377,441	$ 347,642	$ 272,147	$ 223,601
Covered payroll	$ 6,151,765	$ 5,926,671	$ 5,611,137	$ 5,043,475
City's OPEB liability as a percentage of covered payroll	6.14%	5.87%	4.85%	4.43%

*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's contributions for retirees.

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the fourth year of implementation of GASB 75. The City will develop the schedule prospectively.

CITY OF PLEASANTON, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS AND NOTES
TO THE SCHEDULE OF CONTRIBUTIONS - SDBF

For the year ended September 30,

	2022
Actuarially determined contribution	$ 7,635
Contributions in relation to the actuarially determined contribution	7,635
Contributions deficiency (excess)	$ -
Covered payroll	$ 5,090,002
Contributions as a percentage of covered payroll	0.15%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the first year data was available. The City will develop the schedule prospectively.

CITY OF PLEASANTON, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE OPEB LIABILITY - RETIREE HEALTH INSURANCE

For the year ended September 30,

	2022	2021	2020	2019
Total OPEB liability				
Service cost	$ 624,592	$ 724,450	$ 682,114	$ 434,694
Interest	160,687	183,905	198,661	193,713
Differences between expected and actual experience	234,232	(1,682,944)	120,748	(526,732)
Changes of assumptions	(3,336,723)	(159,916)	(304,066)	1,962,429
Benefit payments, including refunds of employee contributions	(31,575)	(26,668)	(42,747)	(55,280)
Net change in total OPEB liability	(2,348,787)	(961,173)	654,710	2,008,824
Total OPEB liability - beginning	6,501,254	7,462,427	6,807,717	4,798,893
Total OPEB liability - ending (a)	$ 4,152,467	$ 6,501,254	$ 7,462,427	$ 6,807,717
Covered payroll	$ 4,273,742	$ 4,135,616	$ 5,187,139	$ 4,928,209
City's net OPEB liability as a percentage of covered payroll	97.16%	157.20%	143.86%	138.14%

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the fourth year of implementation of GASB 75. The City will develop the schedule prospectively.

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APPENDIX E

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:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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Financial Advisory Services
Provided By:

SAMCO Capital