



City of Abilene City Council Agenda

Weldon Hurt, Mayor Pro-tem
Shane Price, Council Member
Lynn Beard, Council Member
Robert Hanna, City Manager

Anthony Williams, Mayor

Donna Albus, Council Member
Kyle McAlister, Council Member
Travis Craver, Council Member
Stanley Smith, City Attorney
Shawna Atkinson, City Secretary

Notice is hereby given of a meeting of the City Council of City of Abilene to be held on April 27, 2023, at 8:30 a.m., at City Hall, 555 Walnut Street, Council Chambers, Abilene, Texas, for the purpose of considering the following agenda items. All agenda items are subject to action. The City Council reserves the right to meet in a closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

CALL TO ORDER

INVOCATION

1. Councilmember Travis Craver

PLEDGE TO THE UNITED STATES FLAG AND THE TEXAS FLAG

PRESENTATIONS, RECOGNITIONS, PROCLAMATIONS AND ANNOUNCEMENTS

2. **Presentations & Proclamations:**

- Mental Health Awareness Month
- Human Trafficking and National Crime Victims' Rights Week
- Presentation of the Odis Dolton Good Neighbor Award

CONSENT AGENDA AND PUBLIC COMMENTS

All items listed in the Consent Agenda are considered routine by the City Council and will be enacted by one motion. There will be no separate discussion or presentation of these items unless otherwise requested by a Council Member. In the event one or more Council Members remove an item from the consent Agenda for separate discussion or presentation, the item or items removed will be considered in numerical order as part of the Regular Agenda and shall include a public hearing.

After the Council Members have requested any item on the consent Agenda be considered separately, the public comment period will be held. The public comment section of the consent agenda allows members of the public to present any ideas or information to the City Council and staff, and also allows for public

comment on the consent agenda items not otherwise pulled for separate consideration. Neither the City Council nor staff will engage in discussion with the public during the public comments unless the item is listed on the Council agenda.

Members of the public will have a total time limit of three (3) minutes to speak during the public comments section.

3. **Minutes:** Receive a Report, Hold a Discussion and Take Action on Approving the Minutes from the Regular Meeting Held on April 13, 2023 **(Shawna Atkinson)**
4. **Resolution:** Receive a Report, Hold a Discussion, and Take Action to Approve an Agreement with CBIZ to provide Property Appraisal Services **(Pamela Williams)**
5. **Resolution:** Receive a Report, Hold a Discussion and Take Action on Authorizing the City Manager to Enter Into a Contract with Extreme Exteriors, LLC for the Installation of a Splash Pad at Valentine Park **(Lesli Andrews)**
6. **Resolution:** Receive a Report, Hold a Discussion and Take Action on Authorizing the City Manager to enter into a contract with Kreative Core Tech for project management, functional configuration assistance and technical support services to support the City's Tyler Munis Enterprise Resource Planning (ERP) implementation **(Michael Rice)**
7. **Resolution:** Receive a Report, Hold a Discussion and Take Action on Authorizing the City Manager to enter into an Agreement with Strategic Government Resources (SGR) to provide the services of an Interim Director of Public Safety, perform an organizational department review and recommendation, and assist with the search and recruitment of the new Police Chief **(Robert Hanna)**
8. **Resolution:** Receive a Report, Hold a Discussion and Take Action on Approval of Single-Family Rehabilitation/Reconstruction Program Budget with HOME Program Funds for 5314 Durango Drive **(Tim Littlejohn)**
9. **Ordinance (First Reading) Z-2023-09:** Receive a Report, Hold a Discussion and Take Action on a request from Rolling Plains EV Stations LLC to change zoning of approximately 826 acres of land located at 5502 Spinks Road from Agricultural Open to Planned Development (PD-181). **(Tim Littlejohn)**
10. **Ordinance (First Reading) Z-2023-10:** Receive a Report, Hold a Discussion and Take Action on a request from Bridgestone Bandag, LLC to change zoning from Agricultural Open (AO) to Heavy Industrial (HI), located at 4678 FM 18 **(Tim Littlejohn)**
11. **Ordinance (First Reading) Z-2023-12:** Receive a Report, Hold a Discussion and Take Action on a request from KPLB LLC to amend the terms of PDD-155. More specifically, this request is to change the base zoning of the north three hundred feet of this PD from Neighborhood Office (NO) to Neighborhood Retail (NR), located on the 4600 Block of Antilley Road **(Tim Littlejohn)**

REGULAR AGENDA - ORDINANCES AND PUBLIC HEARINGS - RESOLUTIONS

12. **Resolution:** Receive a Report, Hold a Discussion and Public Hearing, and Take Action on the Approval of a Single-Family Reconstruction Program contract with HOME Program Funds for 1317 Mesquite **(Tim Littlejohn)**
13. **Ordinance (Final Reading):** Receive a Report, Hold a Discussion and Public Hearing, and Take Action on Authorizing the Issuance of City of Abilene, Texas Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023 for Street Projects **(Mike Rains)**
14. **Ordinance (Final Reading):** Receive a Report, Hold a Discussion and Public Hearing, and Take Action on Authorizing the Issuance and Sale of City of Abilene, Texas General Obligation

EXECUTIVE SESSION

15. **The City Council of the City of Abilene reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed below, as authorized by the noted Texas Government Code Sections:**

A. 551.071 (Consultation with Attorney)

1. Robert Steven Reitz v. City of Abilene, Texas, et al., Case No. 1:16-cv-00181-BL; In the U.S. District Court, Northern District of Texas, Abilene Division, filed October 10, 2016
2. City of Abilene v. 3118 South 22nd Street, Abilene, Texas, et al.; Cause No. 11968-D, In the 350th Judicial District Court, Taylor County, Texas; filed October 11, 2019
3. The City of Abilene, Texas v. Ken Paxton, Attorney General of Texas; Cause No. D-1-GN-20-004598, In the 53rd Judicial District Court, Travis County, Texas; filed September 1, 2020
4. Sharra Sampson v. City of Abilene; Cause No. 8144-B, In the 104th Judicial District Court, Taylor County, Texas; filed September 14, 2020
5. The City of Abilene, Texas v. Ken Paxton, Attorney General of Texas; Cause No. D-1-GN-20-007028, In the 459th Judicial District Court, Travis County, Texas; filed November 18, 2020
6. Alton H. Smith, Jr. and Alicia Malorie Smith v. City of Abilene, Texas; Cause No. 51055-A, In the 42nd Judicial District Court, Taylor County, Texas; filed March 11, 2021
7. Steve Van Horne, et al. v. City of Abilene, et al.; Cause No. 12530-D, In the 350th Judicial District Court, Taylor County, Texas; filed September 7, 2021
8. The City of Abilene, Texas v. Ken Paxton, Attorney General of Texas; Cause No. D-1-GN-21-006299, In the 250th Judicial District Court, Travis County, Texas; filed October 20, 2021

B. 551.072 (Deliberations about Real Property)

1. Solar Project at Hamby WRF

C. 551.073 (Deliberations about Gifts and Donations)

D. 551.074 (Personnel Matters)

1. City Council may consider appointment, employment, compensation, reassignment, duties, discipline, or dismissal of public officers or employees, City Manager, City Attorney, Municipal Court Judge, City Secretary, and City Board and Commission Members
2. City of Abilene Boards & Commissions May be Discussed, as needed for (re)appointment

E. 551.076 (Deliberations about Security Devices)

F. 551.087 (Business Prospect/Economic Development)

RECONVENE

ADJOURNMENT

In compliance with the Americans with Disabilities Act, the City of Abilene will provide for reasonable accommodations for persons attending City Council meetings. To better serve you, requests should be received 48 hours prior to the meetings. Please call 325-676-6208.

CERTIFICATION

I hereby certify the above meeting notice was posted on the bulletin board at the City Hall of the City of Abilene, Texas, on the 21st day of April, 2023 at 10:00 a.m.

Shawna Atkinson, TRMC, CMC
City Secretary



**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Honorable Mayor & Members of City Council

FROM: Shawna Atkinson, City Secretary

SUBJECT: **3. Minutes: Receive a Report, Hold a Discussion and Take Action on Approving the Minutes from the Regular Meeting Held on April 13, 2023**
(Shawna Atkinson)

GENERAL INFORMATION

Approval of the Minutes from the Regular meeting held on April 13, 2023

SPECIAL CONSIDERATIONS

None.

FUNDING/FISCAL IMPACT

None

STAFF RECOMMENDATION

Approval of the Minutes

BOARD OR COMMISSION RECOMMENDATION

N/A

ATTACHMENTS:

1. 04-13-2023 Minutes - Regular - Morning

CITY COUNCIL MEETING
April 13, 2023 at 8:30 a.m.

CITY COUNCIL OF THE CITY OF ABILENE, TEXAS
COUNCIL CHAMBERS, CITY HALL

The City Council of the City of Abilene, Texas met in Regular Session on April 13, 2023, at 8:30 a.m. in the Council Chambers, 555 Walnut St. Mayor Anthony Williams was present and presiding, along with Mayor Pro-tem Weldon Hurt, Deputy Mayor Pro-tem Donna Albus, and Councilmembers Shane Price, Kyle McAlister, and Travis Craver. Councilmember Lynn Beard was absent. Also present were City Manager Robert Hanna, City Attorney Stanley Smith, and City Secretary Shawna Atkinson.

Councilmember Shane Price delivered the invocation.

Selah Leake, 4th grader at Wylie West Intermediate, led the Pledge of Allegiance to the Flag of the United States of America and State of Texas Flag.

PRESENTATIONS, RECOGNITIONS, PROCLAMATIONS, ANNOUNCEMENTS

- Presentations & Proclamations:
 - National Work Zone Awareness Week Proclamation, accepted by TxDOT and Public Works employees.
 - Parkinson's Awareness Month Proclamation, accepted by Lorraine Wilson.
 - Wylie High School Destination Imagination Recognition, accepted by Kim Cheek and students of Wylie schools.

PRESENTATION OF CONSENT AGENDA

The Consent Agenda consisted of items 3-19. Item 16 was pulled for individual consideration.

Item pulled for individual consideration:

- Item #16 – Councilmember Price

PUBLIC COMMENTS

Mayor Williams opened the public comment period. The following addressed the city council:

- Russell Souders – spoke about a lot on Lake Fort Phantom Hill he would like to purchase and have rezoned to place his travel trailer on.
- Douglas Offerman – spoke about parliamentary procedure, citizens pulling items off the consent agenda, and having a City-wide song contest to get participation from the community. Mr. Offerman also requested the financial for Fire and Police be broken down on the financial statement.
- Andrea Tucker – wanted to let council how much she appreciated everything they do.
- Tammy Fogle – spoke about Library Advisory Board reconsideration meeting last week and her reconsideration requests.
- Charles Byrn – requested that council not approve the board appointment of Mayor Pro-tem Hurt's son as he sees this as nepotism.
- Ryan Goodwin – stated that it is hard for citizens to read the entire council packet with how long it is, and how difficult it is for citizens to speak on topics they are passionate about in 3 minutes.

With no other speakers coming forward, the public comment period was closed.

CONSENT AGENDA

Councilmember Price moved to approve the consent agenda consisting of items 3-15 and 17-19. Deputy Mayor Pro-tem Albus seconded the motion. Motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver
 NAYS (0): None
 ABSENT (1): Councilmember Beard

Mayor Pro-tem Hurt had a conflict of interest on item #4 and abstained from voting on that item. A Conflict of Interest Affidavit was filled out before the meeting and filed with the City Secretary's office. The vote for item #4 alone was:

AYES (5): Mayor Williams, Deputy Mayor Pro-tem Albus, Councilmembers Price, McAlister and Craver
 NAYS (0): None
 ABSTAIN (1): Mayor Pro-tem Hurt
 ABSENT (1): Councilmember Beard

3. Minutes: Receive a Report, Hold a Discussion and Take Action on Approving the Minutes from the Regular Meeting Held on March 23, 2023
4. Resolution: Receive a Report, Hold a Discussion and Take Action on Appointing Members to Various Boards and Commissions per the City Charter
[ASSIGNED RESOLUTION NO. 60-2023]

Board	Term End Date
<i>Street Maintenance Advisory & Appeals Board</i>	
Branson Hurt [New]	May 2025
Melanie Royals [New]	May 2025
<i>West Central Texas Municipal Water District Board</i>	
Robert Benham [Reappointment]	May 2025
Russell Berry [Reappointment]	May 2025
Norm Archibald	May 2025

5. Resolution: Receive a Report, Hold a Discussion and Take Action on the Termination of Inactive Campaign Treasurer Appointments
[ASSIGNED RESOLUTION NO. 61-2023]
6. Resolution: Receive a Report, Hold a Discussion and Take Action on Accepting the Annual Comprehensive Financial Report for the Fiscal Year Ending September 30, 2022
[ASSIGNED RESOLUTION NO. 62-2023]
7. Resolution: Receive a Report, Hold a Discussion and Take Action on Approving the Expenditure of General Fund FY 2022 Fund Balance in Excess of the Three Month Reserve Requirement
[ASSIGNED RESOLUTION NO. 63-2023]
8. Resolution: Receive a Report, Hold a Discussion and Take Action on Approval of the Investment Policy
[ASSIGNED RESOLUTION NO. 64-2023]

9. Resolution: Receive a Report, Hold a Discussion and Take Action on confirming the City Manager's appointment of the Interim Chief of Police as required by Chapter 143.013 of the Texas Local Government Code
[ASSIGNED RESOLUTION NO. 65-2023]
10. Resolution: Receive a Report, Hold a Discussion and Take Action on authorizing the City Manager to execute Change Order No. 4 for the City Facilities portion of the Downtown Hotel
[ASSIGNED RESOLUTION NO. 66-2023]
11. Resolution: Receive a Report, Hold a Discussion and Take Action on Authorizing the City Manager to Execute the Final Guaranteed Maximum Price for the City Facilities component of the Downtown Hotel
[ASSIGNED RESOLUTION NO. 67-2023]
12. Resolution: Receive a Report, Hold a Discussion and Take Action on Authorizing the City Manager to Approve an Addendum to the Lease Agreement with West Texas Golf Systems, LLC for the Maxwell Golf Course Facility
[ASSIGNED RESOLUTION NO. 68-2023]
13. Resolution: Receive a Report, Hold a Discussion and Take Action on Authorizing the City Manager to enter into a contract with Cantex Roofing & Construction for the City Hall Weatherproofing, and Removal and Replacement of Storefront/Curtain Wall Window Units Project
[ASSIGNED RESOLUTION NO. 69-2023]
14. Resolution: Receive a Report, Hold a Discussion and Take Action on Authorizing the City Manager to enter into a contract with Don Faulkner Construction LLC for Exterior Wall Control Joints Repair
[ASSIGNED RESOLUTION NO. 70-2023]
15. Resolution: Receive a Report, Hold a Discussion and Take Action on Authorizing the City Manager to enter into a contract with Hawk Painting, LLC for Painting at City Hall
[ASSIGNED RESOLUTION NO. 71-2023]
17. Resolution: Receive a Report, Hold a Discussion and Take Action on Awarding Bid #2335 N 5th Traffic Signal Improvements from Grape St. to Walnut St. to Willis Electric Co. Lp.
[ASSIGNED RESOLUTION NO. 73-2023]
18. Resolution: Receive a Report, Hold a Discussion and Take Action on Awarding Bid #2336 N 10th & Pine St Concrete Intersection Construction Project to Bontke Brothers Construction Co.
[ASSIGNED RESOLUTION NO. 74-2023]
19. Resolution: Receive a Report, Hold a Discussion and Public Hearing, and Take Action on Approving Change Order #1 to the Contract with Advanced Water Well Technologies, LLC for Grimes Pump No. 6.
[ASSIGNED RESOLUTION NO. 75-2023]

ITEMS PULLED FOR INDIVIDUAL CONSIDERATION

16. Resolution: Receive a Report, Hold a Discussion and Take Action on the Purchase of a Sears Park Playground from Child's Play, Inc. through BuyBoard
[ASSIGNED RESOLUTION NO. 72-2023]

Lesli Andrews, Director of Parks and Recreation, presented the item. Adoption of the item would approve the purchase of playground equipment from Child's Play, Inc for Sears Park.

Having pulled the item Councilmember Price just wanted to highlight that we are approving the purchase of the equipment that was burned in an arson event.

Mayor Williams opened the public hearing. The following addressed the council:

- Billy Enriquez – wanted to thank staff and council for rebuilding the Sears Park playground and spoke about how essential it is to the community.

With no other speakers coming forward, the public hearing was closed.

Councilmember Price moved to approve the item as presented. Mayor Pro-tem Hurt seconded the motion; motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver
NAYS (0): None
ABSENT (1): Councilmember Beard

REGULAR AGENDA

20. Ordinance (Final Reading) Z-2023-04: Receive a Report, Hold a Discussion and Public Hearing, and Take Action on A Request From Sitzes Cleburne LP To Change Zoning From Office To PDD-180 To Allow For Self-Storage Units With A Base Zoning Of Office. Located At 1325 Hickory St.
[ASSIGNED ORDINANCE NO. 16-2023]

Tim Littlejohn, Director of Planning and Development Services, presented the item. Adoption of the item would rezone the above referenced property from Office (O) to PDD-180.

Mayor Williams opened the public hearing. With no speakers coming forward, the public hearing was closed.

Mayor Pro-tem Hurt moved to approve the item as presented. Councilmember Craver seconded the motion; motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver
NAYS (0): None
ABSENT (1): Councilmember Beard

21. Ordinance (Final Reading) Z-2023-05: Receive a Report, Hold a Discussion and Public Hearing, and Take Action on A Request From Jerome Abor To Change Zoning Districts From Heavy Commercial To Residential Single-Family 6. Located At 626-610 N 13th St And 1314 Ash St.
[ASSIGNED ORDINANCE NO. 17-2023]

Tim Littlejohn, Director of Planning and Development Services, presented the item. Adoption of the item would rezone the above referenced property from Heavy Commercial (HC) to Residential Single-Family 6 (RS-6).

Mayor Williams opened the public hearing. With no speakers coming forward, the public hearing was closed.

Councilmember McAlister moved to approve the item as presented. Councilmember Craver seconded the motion; motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver

NAYS (0): None

ABSENT (1): Councilmember Beard

22. Ordinance (Final Reading) Z-2023-06: Receive a Report, Hold a Discussion and Public Hearing, and Take Action on a Request From GFF Texas Holdings, LLC To Change Zoning From Medium Density Residential To General Retail. Located at 715 Grape St.
[ASSIGNED ORDINANCE NO. 18-2023]

Tim Littlejohn, Director of Planning and Development Services, presented the item. Adoption of the item would rezone the above referenced property from Medium Density Residential (MD) to General Retail (GR).

Mayor Williams opened the public hearing. The following addressed the council:

- Doug Offerman – asked for clarification on the question slide. He stated that it is confusing to the citizens when the council has asked for anyone to speak either for or against the item, and it looks like we are asking the citizens for questions. Also asked if there was a time limit on rezoning cases to construct.

With no other speakers coming forward, the public hearing was closed.

Deputy Mayor Pro-tem Albus moved to approve the item as presented. Councilmember McAlister seconded the motion; motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver

NAYS (0): None

ABSENT (1): Councilmember Beard

23. Ordinance (Final Reading) Z-2023-08: Receive a Report, Hold a Discussion and Public Hearing, and Take Action on Request From Great Expectations LLC To Amend The Terms Of PDD-142 To Change The Base Zoning Of Tracts 2 And 3 From Neighborhood Retail And Neighborhood Office Respectively To General Retail. Located at 6856 Buffalo Gap Rd.
[ASSIGNED ORDINANCE NO. 19-2023]

Tim Littlejohn, Director of Planning and Development Services, presented the item. Adoption of the item would amend the terms of PDD-142 to change the base zoning of tracts 2 and 3 of the above referenced property, from Neighborhood Retail (NR) and Neighborhood Office (NO), respectively, to General Retail (GR).

Mayor Williams opened the public hearing. The following addressed the council:

- Cheryl Sawyers – represents the applicant. Stated that the property has been vacant since annexation and the rezone in 2014. She availed herself for question from the Council.

With no other speakers coming forward, the public hearing was closed.

Councilmember Price moved to approve the item as presented. Deputy Mayor Pro-tem Albus seconded the motion; motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver

NAYS (0): None

ABSENT (1): Councilmember Beard

24. Ordinance (Final Reading) TC-2023-01: Receive a Report, Hold a Discussion and Public Hearing, and Take Action on A Request From McMurry University To Abandon Santos St. Between Hunt St. To S 18th St, Abilene, Taylor County, Texas
[ASSIGNED ORDINANCE NO. 20-2023]

Tim Littlejohn, Director of Planning and Development Services, presented the item. Adoption of the item would abandon Santos Street between Hunt Street and South 18th Street.

Mayor Williams opened the public hearing. The following addressed the council:

- Tal Filingham – agent for the university. This is to support additional parking for the university. There is a great deal of construction on campus and they are losing a few parking spaces in the process and are looking for new ways to recoup them.

With no other speakers coming forward, the public hearing was closed.

Mayor Pro-tem Hurt moved to approve the item as presented. Councilmember Craver seconded the motion; motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver

NAYS (0): None

ABSENT (1): Councilmember Beard

25. Ordinance (Final Reading): Receive a Report, Hold a Discussion and Public Hearing, and Take Action on A Request From Dylan Duggan To Abandon The North Half Of An Alley Located Between The 1800 Blocks Of Grand Avenue And Santos Street
[ASSIGNED ORDINANCE NO. 21-2023]

Tim Littlejohn, Director of Planning and Development Services, presented the item. Adoption of the item would abandon the north half of an alley located between the 1800 blocks of Grand Avenue and Santos Street.

Mayor Williams opened the public hearing. With no speakers coming forward, the public hearing was closed.

Councilmember Craver moved to approve the item as presented. Councilmember McAlister seconded the motion; motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver

NAYS (0): None

ABSENT (1): Councilmember Beard

26. Ordinance (Final Reading): Receive a Report, Hold a Discussion and Public Hearing, and Take Action on a proposal to adopt a new Comprehensive Plan prepared by Halff and Associates Inc.
[ASSIGNED ORDINANCE NO. 22-2023]

Councilmember Price moved to remove this item from the table. Mayor Pro-tem Hurt seconded the motion; motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver

NAYS (0): None

ABSENT (1): Councilmember Beard

Tim Littlejohn, Director of Planning & Development Services, presented the item. Adoption of the item would adopt a new Comprehensive Plan prepared by Halff and Associates Inc.

Mayor Williams opened the public hearing. With no speakers coming forward, the public hearing was closed.

Councilmember Price moved to approve the item as presented with the correction of the park name listed on page 73, changed to Stevenson Park. Councilmember McAlister seconded the motion; motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver

NAYS (0): None

ABSENT (1): Councilmember Beard

27. Resolution: Receive a Report, Hold a Discussion and Public Hearing, and Take Action on Approving a new Thoroughfare Plan
[ASSIGNED RESOLUTION NO. 76-2023]

Mayor Pro-tem Hurt moved to remove this item from the table. Councilmember Craver seconded the motion; motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver

NAYS (0): None

ABSENT (1): Councilmember Beard

Tim Littlejohn, Director of Planning and Development Services, presented the item. Adoption of the item would approve and adopt a new thoroughfare plan.

Mayor Williams opened the public hearing. With no speakers coming forward, the public hearing was closed.

Councilmember McAlister moved to approve this item as presented. Councilmember Price seconded the motion; motion carried.

AYES (6): Mayor Williams, Mayor Pro-tem Hurt, Deputy Mayor Pro-tem Albus, and Councilmembers Price, McAlister and Craver

NAYS (0): None

ABSENT (1): Councilmember Beard

EXECUTIVE SESSION

Mayor Williams recessed into Executive Session at 9:21 a.m., pursuant to the following of the Open Meetings Act, with the following issues discussed during this session, as listed on the agenda and authorized by the noted Texas Government Code Section:

- 28. A. 551.071 (Consultation with Attorney)
 - 1. John Doe v. Robert Hanna, Individually & as City Manager, Cause No 28078-B
 - 2. Little, et al. v. Llano County, et al. lawsuit
- 28. B. 551.072 (Deliberations about Real Property)
 - 1. 5.03 Acres at 1102 Beltway
- 28. D. 551.076 (Personnel Matters)
 - 1. City Manager
- 28. D. 551.087 (Business Prospect/Economic Development)
 - 1. 1525 East Stamford Street / Rainey Creek Development

The Executive Session ended at 9:51 a.m. and reconvened to Open Session. Mayor Williams reported no votes or action were taken in Executive Session.

ADJOURNMENT

There being no further business, the meeting adjourned at 9:51 a.m.

Shawna Atkinson
City Secretary

Anthony Williams
Mayor

Minutes approved on: _____



**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Robert Hanna, City Manager

FROM: Pamela Williams, Director

SUBJECT: 4. Resolution: Receive a Report, Hold a Discussion, and Take Action to Approve an Agreement with CBIZ to provide Property Appraisal Services (Pamela Williams)

GENERAL INFORMATION

The City conducted a Request for Proposal for a Property Appraisal Service (CB-2033) with the goal of partnering with a third-party vendor to complete physical inspection and valuation of all City assets that would enable us to improve risk management, reduce long-term risk financing costs, and most importantly, it would allow us to secure the broadest coverage possible. This item will award a contract for a complete physical inspection and valuation of buildings identified on the property addendum. During the inspections, Construction Occupancy Protection Exposure (“COPE”) data will be observed and collected. Square footage will be calculated using a combination of physically measuring the buildings, conducting takeoffs of blueprints, satellite imagery, and information made available by the City. Digital photos will be taken of each structure inspected and incorporated into a report and work files.

SPECIAL CONSIDERATIONS

The Human Resources department generated an RFP in September 2022. This notice was published on September 26, 2022, with a proposal deadline of October 28, 2022. Within that timeline, we received two responses to the RFP and they were evaluated by the Risk Management and Human Resources team.

FUNDING/FISCAL IMPACT

The Property Appraisal Services will be funded using the Risk Management fund.

Anticipated Costs

One-time onsite building appraisal & modeling content of listed sites	\$68,900
Additional data collection requested by the City on January 10, 2023: HVAC, Electrical & Plumbing	\$6,400
Sculpture Valuation – based on included information and research, pricing with a narrative report including write-ups of specific pieces	\$7,000
Trending for values in years 2-3	\$4,500
Annual Update/Trending for values – optional renewal year 4-5	\$5,300
Rate/Cost/Fee for additional requested onsite appraisal work for new construction, acquisition, or renovation	\$190 per hour
Fee for additional buildings/structures inspected and valued not listed on property addendum (if approved)	\$155 per building
Web-based ESOV Software - read-only access	\$750/license

STAFF RECOMMENDATION

Staff recommends awarding the contract to CBIZ Valuation Group, LLC (CVG) CB-2033.

BOARD OR COMMISSION RECOMMENDATION

ATTACHMENTS:

1. Resolution - Property Appraisal
2. SIGNED by CBIZ-Professional Services 4.4.23
3. Property Appraisal-City Council Presentation Slides 2023 - With Space for Interpreters

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS,
APPROVING AN AGREEMENT WITH CBIZ TO PROVIDE PROPERTY APPRAISAL
SERVICES**

WHEREAS, The City's Human Resources department currently utilizes the Risk Management team to manage and facilitate all of the City's property valuations and its content.

WHEREAS, by partnering with a third-party vendor who is experienced in providing accurate valuations thus eliminating the guesswork for the Risk Management team.

WHEREAS, it is the staff's recommendation that the City accepts the proposal from CBIZ to perform property appraisal services. Additionally, we request the City Managers endorsement to execute the final contract.

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

PART 1: The City Manager is authorized to negotiate and execute an agreement with CBIZ Valuation Group as set-forth above.

PART 2: That this resolution shall take effect immediately from and after its passage.

ADOPTED this 27th day of April, 2023

ATTEST:

Shawna Atkinson, City Secretary

Anthony Williams, Mayor

APPROVED:

Stanley Smith, City Attorney



PROFESSIONAL SERVICES CONTRACT (Not Architect or Engineer)

This contract, dated the 27th day of April, 2023, is between the City of Abilene, a home rule municipal corporation of the State of Texas (“City”), and CBIZ Valuation Group, LLC. also referred to as “CVG” (“Professional”).

The City is engaged in property appraisal services and desires to engage the services of Professional, as an independent contractor and not as an employee, to assist in the project and to render his or her services on the terms and conditions provided in this Contract.

The Professional is a[n] qualified senior designated appraiser (ASA) with the American Society Appraisers who is in good standing and maintains the requirements of the continuing education program of the American Society of Appraisers properly certified to practice in the State of Texas. Professional desires to render professional services as further described in Attachment A to the City on the terms and conditions provided in this Contract.

The Consultant must perform services with the professional skill and care ordinarily provided by competent professionals practicing in the same or similar locality and under the same or similar circumstances and professional license, and as expeditiously as is prudent considering the ordinary professional skill and care of a competent professional.

THEREFORE, the City engages the services of the Professional. In consideration of the mutual promises contained in this Contract, the parties agree as follows:

I. TERM

In consideration of the compensation stated in Paragraph II and further described in Attachment B., the Professional must provide all services as described in Attachment A, which is incorporated by reference for all purposes.

The City and the Professional agree to engage in services for three (3) years effective the date of this contract with two (2) one-year optional renewals for years four (4) and five (5). Such options to renew shall be in the sole discretion of the City.

II. PAYMENT

For the services to be rendered under this Contract, the Professional will be entitled to a

fee as described in Attachment B, which is incorporated by reference for all purposes.

III. ASSIGNMENT

The Professional may not assign in whole or in part any rights, duties, obligations or interest arising from this agreement without the City's prior written consent. In the event of an assignment by the Consultant to which the City has consented, the assignee or assignee's legal representative must agree in writing with the City to personally assume, perform, and be bound by all the provisions of this Contract. All of the terms and provisions of this Contract are binding on Contractor's successors and assigns and may be enforced by the City against such successors and assigns.

IV. STATUS OF PROFESSIONAL

The Professional is an Independent Contractor. Professional and Consultant's employees are not the agents, servants or employees of the City.

V. AMENDMENT OR MODIFICATION

This contract, including attachments, constitutes the entire agreement of the parties. Any statements, promises, or agreements made by either party or its agent, which are not contained in this contract are of no effect. This contract may not be amended or modified except by both parties' written consent. This Contract supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this Contract.

VI. OWNERSHIP OF DOCUMENTS AND MATERIALS

Ownership of Documents and Materials is according to Attachment C.

VII. NONDISCLOSURE

The Professional may not show to any person or entity any documents, reports, plans, programs, reports, drawings, or any other materials which Professional prepares or acquires in performing this contract, including any duplicate copies kept by Professional. The Professional may not disclose to any person or entity any information regarding the City's activities. The City may, however, specifically authorize a limited disclosure at its discretion.

VIII. INDEMNITY

A. Definitions

For the purpose of this section the following definitions apply:

"City" shall mean all officers, agents and employees of the City of Abilene.

“Claims” shall mean all third-party claims, liens, suits, demands, proceedings and causes of action brought for damages relating to the performance of this contract.

“Damages” shall mean each and every injury, wound, hurt, harm, fee, damage, cost, expense, outlay, expenditure or loss of any and every nature relating to the performance of this contract, including but not limited to:

- (i) injury or damage to any property or right
- (ii) injury, damage, or death to any person or entity
- (iii) reasonable attorneys fees, witness fees, expert witness fees and expenses, and
- (iv) all other relevant costs and expenses of litigation

“Premise Defects” shall mean any defect, real, which may hereafter arise upon the premises from the negligence or willful misconduct of the Professional during the Contract term.

“Professional” includes the corporation, company, partnership, or other entity, its owners, officers, and/or partners, and their agents, successors, and assigns.

“Professional’s employees” shall mean any employees, officers, agents, subcontractors, licensee and invitees of Professional.

“Proven” shall mean that a court of competent jurisdiction has entered a final unappealable judgment on a claim adjudging an entity or person liable for a monetary judgment.

“Sole negligence” shall mean negligence of a party that is unmixed with the fault of any other person or entity.

B. Indemnity

The Professional must indemnify, hold harmless, and defend the City from third-party claims arising out of the Professional's negligence or willful misconduct in connection with this Contract.

The Professional is an independent contractor and is not, with respect to its acts or omissions, an agent or employee of the City.

Professional must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of Professional’s employees while in the vicinity where the work is being done. The City is not liable or responsible for the negligence or intentional acts or omissions of the Professional or Professional’s employees.

The City assumes no responsibility or liability for damages which are directly or indirectly attributable to premise defects only to the extent they arise from the negligence or willful misconduct of the Professional. Responsibility for all such defects is expressly assumed by the Professional only to the extent they arise from the negligence or willful misconduct of the Professional.

The City and Professional must provide the other prompt and timely notice of any covered event which in any way affects or might affect the Professional or City. The City has the right to compromise and defend the same to the extent of its own interests.

PROFESSIONAL WILL NOT BE OBLIGATED TO INDEMNIFY THE CITY TO THE EXTENT THAT THE LOSS ARISES FROM THE NEGLIGENCE, WILLFULL MISCONDUCT, OR FAULT OF THE CITY. THE CITY IN NO WAY WAIVES ANY DEFENSE OTHERWISE AVAILABLE TO IT IN ANY SUCH EVENT, INCLUDING THE RIGHT TO ASSERT COMPARATIVE FAULT OF PROFESSIONAL.

IX. INSURANCE

A. GENERAL REQUIREMENTS

The Professional agrees to maintain the type and amounts of insurance required in this contract throughout the term of the agreement. The Professional is solely responsible for providing the required certificates of insurance. The City may terminate this agreement if the Professional fails to timely comply with the insurance requirements.

The required insurance must be issued by a company or companies of sound and adequate financial responsibility and authorized to do business in the State of Texas. All policies are subject to examination and approval by the City for their adequacy as to content, form of protection, and providing company.

The required insurance naming the City as additional insured must be primary insurance and not contributing with any other insurance available to City, under any third party liability policy.

Before the City executes the notice to proceed with any work under this agreement, the Professional must provide the City Secretary with either an original certificate of insurance or a certified copy of the insurance policy evidencing the required insurance. Thereafter, the Professional must furnish new certificates or copies of the policy before the expiration date.

Texas Labor Code Section 406.096 requires a city to ensure that contractors carry workers' compensation for each employee when the city is a party to any "building or construction contract." The code enumerates that "building and construction" includes:

(A) erecting or preparing to erect a structure, including a building, bridge, roadway, public utility facility, or related appurtenance;

(B) remodeling, extending, repairing, or demolishing a structure; or

(C) otherwise improving real property or an appurtenance to real property through similar activities.

B. ADDITIONAL REQUIREMENTS

The required liability insurances and their certificates must:

1. Name the City as an additional insured with respect to operations for which this agreement is made.

2. CBIZ will provide for 30 days advance written notice of cancellation or material change.

C. TYPES AND AMOUNTS OF INSURANCE

The types of insurance required in this contract are those indicated by initials. If no initials appear on any of items 1 through 6, items 1 through 4 shall be required.

<u>Type</u>	<u>Amount</u>
<u> </u> 1. Workers' Compensation Employer's Liability	Statutory \$100,000 per occurrence
<u> X</u> 2. Commercial (Public) Liability including, but not limited to: • Premises/Operations • Independent Contractors • Products/Completed Operations • Contractual Liability (insuring above indemnity) and where the exposures exist • Explosion Collapse and Underground	\$500,000 combined single limit for bodily injury and property damage (per occurrence)
<u> X</u> 3. Business Automobile Liability to include coverage for: • Owned/Leased Autos • Non-Owned Autos • Hired Cars	\$500,000 combined single limit for bodily injury and property damage (per occurrence)

X 4. Professional Liability

\$500,000 combined single limit
(per occurrence)

X 5. See Addendum for Special
Coverages and/or revisions

 6. No Insurance Required

X. VENUE, CHOICE OF LAW AND INTERPRETATION

Venue for any cause of action arising under this contract is Taylor County, Texas. This contract is governed by the laws of the State of Texas both as to interpretation and performance. This contract shall, in any dispute over its meaning or application, be interpreted fairly and reasonably, and not more strongly for or against either party.

XI. TERMINATION

This contract may be terminated at any time upon 30 days written notice by City to Professional. In the event of termination, Professional will be compensated for work satisfactorily performed before the termination date.

If, through any cause, the Professional fails to fulfill his obligations under this contract, or if the Professional violates any of the agreements of this contract, the City has the right to terminate the contract by giving five days written notice to the Professional. The Professional will be compensated for work satisfactorily performed before the termination date.

In the event of the termination with the Professional, the Professional agrees to deliver within 30 days of notice of termination to the City via editable electronic delivery a copy of it's work product at that time.

The Professional, however, is not relieved of liability to the City for damages sustained by the City because of any breach of contract by Professional. The City may withhold any payments to Professional for the purpose of setoff until the exact amount of damages due the City from the Professional is determined and paid.

XII. PROJECT REPRESENTATION

The City agrees to appoint a Project Representative to assist in obtaining information from various City departments as requested by Professional and in coordinating, monitoring, and evaluating the project to its completion. The Project Representative has no control over the means, methods, techniques, or procedures employed by Professional. The City is interested only in the results obtained under this contract; the manner and means of obtaining those results is solely under the Professional's control.

XIII. NOTICE

All notices must be in writing, hand-delivered or mailed by certified mail, to the other party at the address below. The name and address for notification may be changed by notice to the other party.

City – ATTN: **Pamela Williams, Director of Human Resources**
555 Walnut Street, Abilene TX 79601

Professional - ATTN: David Werch, Managing Director, CBIZ Valuation Group
LLC, W227 N 16867 Tillie Lake Ct. Suite 201, Jackson WI, 53037

XIV. COMPLIANCE WITH LAWS, CHARTER, ORDINANCES

Professional, its agents, employees and subcontractors must comply with all applicable federal and state laws, the charter and ordinances of the City of Abilene, and with all applicable rules and regulations promulgated by local, state and national boards, bureaus and agencies. Professional must obtain all necessary permits and licenses required in completing the work contracted for in this agreement.

XV. NO INDEBTEDNESS

Professional agrees that no payments owed by him of any nature whatsoever to the City, including payment in advance for service charges or any sums of any character whatsoever, shall become delinquent or in arrears.

The City will not knowingly award contracts for goods or services to any bidder in arrears to the City for any debt, claim, demand, or account whatsoever, including taxes, penalty and interest. Professional is responsible for ensuring that no indebtedness exists.

Section 130 of the City Charter authorizes the City to counterclaim and offset against any debt, claim, demand or account owed by the City to any person, firm or corporation in arrears to the City for any debt, claim, demand or account of any nature whatsoever, including taxes, penalty and interest.

XVI. EQUAL EMPLOYMENT OPPORTUNITY

It is the policy of the City to recruit, employ, and to provide compensation, promotion, and other conditions of employment without regard to race, color, religion, sex, age, national origin, or disability. The City affirms that employment decisions shall be made only on the basis of

bonafide occupational qualifications. The City shall continually review its employment practices and personnel procedures and take positive steps to assure that equality of employment opportunity in the City of Abilene, Texas, is a fact as well as an ideal.

XVII. VERIFICATION OF EMPLOYMENT ELIGIBILITY

Professional must comply with the Immigration Reform and Control Act (IRCA) and may not knowingly obtain labor or services of an unauthorized alien. Professional -- not City -- must verify eligibility for employment as required by IRCA.

XVIII. MINORITY AND WOMEN BUSINESS ENTERPRISES

The City hereby gives notice that Minority and Women Business Enterprises will be afforded equal opportunities to submit bids in for this contract and will not be discriminated against on the grounds of race, ethnicity, color, sex, religion or national origin in awarding the contract. Technical assistance is available to Minority and Women Business Enterprises through the Texas Tech University Small Business Development Center, 749 Gateway St., #301, Building C, Abilene, Texas, 79602, 325-670-0300.

XIX. SALES TAX

The City qualifies as an exempt agency under the Texas Limited Sales, Excise and Use Tax Act (the "Tax Act"), and is not subject to any State or City sales taxes on materials incorporated into the project. Labor used in the performance of this contract is also not subject to State or City sales taxes. The City will provide an exemption certificate to the Professional. The Professional must have a sales tax permit issued by the Comptroller of Public Accounts and shall issue a resale certificate complying with the Tax Act, as amended, when purchasing said materials. The Professional is responsible for any sales taxes applicable to equipment purchases, rentals, leases, consumable supplies which are not incorporated into the project, tangible personal property purchased for use in the performance of this contract and not completely consumed, or other taxable services used to perform this contract, or other taxes required by law in connection with this contract.

XX. LEGAL CONSTRUCTION

In the event that any one or more of the provisions contained in this Contract is for any reason held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability will not affect any other provisions, and the Contract will be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.

XXI. BOYCOTT OF ISRAEL

In accordance with Chapter 2270, Texas Government Code, a governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract.

This section only applies to a contract that: (a) is between a governmental entity and a company with 10 or more full-time employees, and (b) has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the governmental entity. Additionally, “company” does not include a sole proprietorship.

If this section is applicable, the signatory executing this contract on behalf of company verifies that the company does not boycott Israel and will not boycott Israel during the term of this contract.

XXII. SECTIONS AND OTHER HEADINGS

Section, paragraph, and other headings contained in this Contract are for reference purposes only and do not affect in any way the meaning or interpretation of this Contract.

XXIII. COUNTERPARTS

This Contract may be executed in two or more counterparts (including fax, email, or electronic PDF counterparts), each of which shall be deemed an original and all of which together shall constitute one instrument.

{Remainder of Page Intentionally Left Blank—Signature Page Follows}

IN WITNESS HEREOF, the parties hereto have executed this contract effective as of the date written above:

CITY OF ABILENE

By: Robert Hanna

Title: City Manager

ATTEST:

City Secretary

APPROVED:

By: _____
City Attorney

PROFESSIONAL

By: Gregory R. Watts
Title: Senior Managing Director,
CBIZ Valuation Group, LLC

Address: 1009 Lenox Dr. Suite 105
Lawrenceville, NJ 08648

Phone Number: 609-895-5315

Federal Tax ID#: 34-1846498

ATTEST: (if corporation)

Greg Watts

Senior Managing Director

Corporate Seal (if available)

ATTACHMENT A

Scope of Services

The scope of the consulting services is limited to the following tangible assets.

Buildings & Structures: CVG will complete a physical inspection and valuation of buildings identified on the property addendum in attachment H. During the inspections, Construction Occupancy Protection Exposure (“COPE”) data will be observed and collected. Square footage will be calculated using a combination of physically measuring the buildings, conducting take-offs of blueprints, satellite imagery and information made available by the City. Digital photos will be taken of each structure inspected and incorporated into a report and work files. For each structure inspected, CVG will collect specific data elements to include the following, as applicable:

Building name

Address

Latitude/longitude

Digital photos

Building construction class (ISO) * Gross square footage

Basement square footage * Number of stories

Occupancy

Year built

Roof pitch

Roofing materials

Roof geometry

Elevators

Exterior wall type

Building services

Sprinkler fire protection

Automatic fire alarms

Manual fire alarms

Flood zones

Security Alarms

Additions/renovations

HVAC, Electrical & Plumbing - Last updated (year)

Additional building information including fixed equipment (pumps, motors, etc.)

Utility Buildings & Structures: When inspecting utility facilities, (electrical substations, water/wastewater treatment, pump stations, lift stations, water wells, water storage tanks, filters, flocculation buildings, surge tanks, aerator buildings and the like), CVG will value each structure individually, regardless of value or if not reported on the Statement of Values. Descriptions shall include gallons of processed water per day. Since these types of properties typically are aggregated in value, each structure will be inspected separately to develop a representative property schedule and associated insurable value. All fixed equipment (pumps, motors, control panels, etc.) in these buildings/structures will be incorporated into the aggregate building value for each inspected structure.

Contents of Buildings – Modeling Approach: CVG will apply contents valuation models based on building occupancy. CVG will also perform a limited walk-through of each facility to assist in adjusting our models, as applicable. CVG will summarize contents values on a building-by-building basis.

Insurable Site Improvements as listed on the statement of value: Above-ground improvements associated with inspected structures (flagpoles, fencing, outdoor lighting, etc.) will be recorded and valued in aggregate by site.

CVG will also inspect and value any buildings and structures meeting the inspection criteria that have a permanent foundation and a roof but are not currently individually listed on the attached property addendum. Tangible assets not identified above will be excluded from the engagement.

CVG will provide a secure, web-based reporting system to assist with managing electronic statements of values. The system allows the ability to store and manage values and underwriting data. Functions of this software will include:

- Secure on-line access to all valuation and underwriting data
- Reporting module
- Ad hoc reporting module
- Data import and export module
- Aerial mapping of valuation results
- Multiple levels of real time secured data and reporting access
- Ability to assign read-only access
- Centralized real time electronic statement of value

This application will allow the City to sort, view, edit, append, export, fax, e-mail and print appraisal and underwriting data.

CVG will complete all onsite appraisal services on or before September 30, 2023.

ATTACHMENT B
PAYMENT SCHEDULE

Payment for the initial 3-year period is a fixed fee amount of \$92,850.00, payable per progress invoiced up to 80% of the fee as work is completed, 20% will be withheld and paid upon completion of the work and written acceptance by City's Project Representative. Please see Attachment G for progress payments. Payment for option renewal years 4 and 5 is an annual fixed fee of \$5,300.00 as shown on Attachment G.

No mechanic, contractor, subcontractor, materialman or other person can or will contract for or in any other manner have or acquire any lien upon any building or work covered by the contract or the land upon which the same is situated.

Before final acceptance of this project by the City, the Professional shall execute and provide City with an Affidavit that all bills for labor, materials and incidentals incurred by subprofessionals, materialmen, mechanics and suppliers under this agreement have been paid in full, and that there are no claims pending of which Professional has been notified.

ATTACHMENT C

OWNERSHIP OF DOCUMENTS AND MATERIALS

Parties to initial option chosen

(Option 1) .

All documents and materials prepared by Professional under the terms of this contract are the City's property from the time of preparation, and Professional must deliver the documents and materials to the City or make them available for inspection whenever requested. Professional has the right to make duplicate copies of such documents or materials for its own file or for other such purposes as the City authorizes in writing.

(Option 2) **X**

All documents and materials prepared by the Professional remain the property of the Professional; however, Professional must furnish City, at no additional cost, one set of reproducible mylars of the original drawings of the work and/or one copy of all documents prepared by the Professional pursuant to this Agreement.

ATTACHMENT D

STATE MANDATED WORKERS' COMPENSATION INSURANCE LANGUAGE

THIS ATTACHMENT IS ONLY APPLICABLE IF WORKERS' COMPENSATION COVERAGE IS PROVIDED

a. Definitions

Certificate of coverage ("certificate") - a copy of a certificate of insurance, a certificate of authority to self-insure issued by the commission, or a coverage agreement (TWCC-81, TWCC-82, TWCC-83, or TWCC-84), showing statutory workers' compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

Duration of the project - includes the time from the beginning of the work on the project until the Professional's/person's work on the project has been completed and accepted by the City.

Persons providing services on the project ("subcontractors" in 406.096) - includes all persons or entities performing all or part of the services the Professional has undertaken to perform on the project, regardless of whether that person contracted directly with the Professional and regardless of whether that person has employees. This includes, without limitation, independent contractors, subprofessionals, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the project. "Services" include, without limitations, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a project. "Services" does not include activities unrelated to the project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

- b. The Professional shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees of the Professional providing services on the project, for the duration of the project.
- c. The Professional must provide a certificate of coverage to the City prior to being awarded the contract.
- d. If the coverage period shown on the Professional's current certificate of coverage ends during the duration of the project, the Professional must, prior to the end of the coverage period, file a new certificate of coverage with the City showing that coverage has been extended.
- e. Professional shall obtain from each person providing services on a project and provide to City:
- (1) a certificate of coverage, prior to that person beginning work on the project, so the City will have on file certificates of coverage showing coverage for all persons providing services on the project; and

(2) no later than seven (7) days after receipt by the Professional, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project.

- f. The Professional shall retain all required certificates of coverage for the duration of the project and for one (1) year thereafter.
- g. The Professional shall notify the City in writing by certified mail or personal delivery, within ten (10) days after the Professional knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project.
- h. The Professional shall post on each project site a notice, in the text, form and manner prescribed by the Texas Workers' Compensation Commission, informing all persons providing services on the project that they are required to be covered, and stating how a person may verify coverage and report lack of coverage.
- i. The Professional shall contractually require each person with whom it contracts to provide services on a project to:
 - (1) provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the project, for the duration of the project;
 - (2) provide to the Professional, prior to that person beginning work on the project, a certificate of coverage showing that coverage is being provided for all employees of the person providing service on the project, for the duration of the project;
 - (3) provide the Professional, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
 - (4) obtain from each other person with whom it contracts, and provide to the Professional:
 - (a) a certificate of coverage, prior to the other person beginning work on the project; and
 - (b) a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
 - (5) retain all required certificates of coverage on file for the duration of the project and for one (1) year thereafter;
 - (6) notify the City in writing by certified mail or personal delivery, within ten (10) days after the person knew or should have known, of any change that materially affects the provision of coverage of any person providing service on the project;

(7) contractually require each person with whom it contracts, to perform as required by paragraphs (1) - (7), with the certificates of coverage to be provided to the person for whom they are providing services.

- j. By signing this contract or providing or causing to be provided a certificate of coverage, the Professional is representing to the City that all employees of the Professional who will provide services on the project will be covered by workers' compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the commission's Division of Self-Insurance Regulation. Providing false or misleading information may subject the Professional to administrative penalties, criminal penalties, civil penalties, or other civil actions.
- k. The Professional's failure to comply with any of these provisions is a breach of contract by the Professional which entitles the City to declare the contract void if the Professional does not remedy the breach within ten (10) days after receipt of notice of breach from the City.

ATTACHMENT E
NOTICE TO PROCEED

Click or tap here to enter text.

ATTACHMENT F
CHANGE IN SCOPE OF SERVICES

Click or tap here to enter text.

ATTACHMENT G

Pricing for Property Appraisal Services

PRICING FORM FOR PROPERTY APPRAISAL SERVICES FOR RISK MANAGEMENT RFP # CB - 2300	
DESCRIPTION OF SERVICE	COSTS (\$)
Total One Time Onsite Building Appraisal & Modeling Contents Appraisal including listed site improvements	\$68,900
Additional data collection requested by City on January 10, 2023: HVAC, Electrical & Plumbing - last updated (Year)	\$6,400
Sculpture Valuation - based on City provided information and including research, pricing with narrative report including write-ups of specific pieces	\$7,000
Trending for Values in Years 2-3	\$4,500
Annual Update/Trending for Values – Optional Renewal Years 4-5	\$5,300
Rate/Cost/Fee for Additional Requested Onsite Appraisal Work for New Construction, Acquisition or Renovation	\$190 per hour
Fee for additional buildings/structures inspected and valued that are not listed or highlighted on the attached property addendum (If authorized)	\$155 per building
Web-based ESOV Software - read only access	\$750/license per year of agreement & \$255/hour for support services
Submitted By (Company Name):	CBIZ VALUATION GROUP, LLC

Property Schedule

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
1	ABILENE TRANSIT DEPOT	1189 S 2ND ST		16571	1962	1983	BRICK, SOLID	BUILT-UP ROOF (WOOD DECK WITH GRAVEL FINISH)	FIRE EXTINGUISHERS	NO
2	ICM STORAGE BUILDING	BEHIND 774 SANDY (TRAFFIC DIVISION)		400	1978		METAL	METAL	FIRE EXTINGUISHERS	NO
3	CITY HALL	555 WALNUT ST		44432	1966	2003	MASONRY	BUILT UP ROOF	HOSE/STNDPIPE/FIREEXT.	NO
4	FIELD MAINTENANCE BUILDING	2609 BONANZA DRIVE		1800	1986		METAL	METAL	FIRE EXTINGUISHERS	NO
5	ABILENE REGIONAL TERMINAL BUILDING	2933 AIRPORT BLVD		42227	1969	1981	MASONRY/GLASS	BUILT-UP	FIRE EXTINGUISHERS;FIRE DEPT.	NO
7	OLD ARRF STATION STORAGE BUILDING	2941 W ACCESS DRIVE		1568	1974		CONCRETE/MASONRY/BRICK	METAL, TAR & GRAVEL		NO
8	WEST SIDE METAL HANGAR #1	1817 NAVAJO CIRCLE		19464	1942	1953	METAL	WOOD, TAR & GRAVEL (COMP)		NO
9	WEST SIDE CB HANGAR #2	1809 NAVAJO CIRCLE		9410	1927	1953	CONCRETE BLOCK	WOOD, TAR & GRAVEL (COMP)		NO
10	WEST SIDE CB HANGAR #3	1801 NAVAJO CIRCLE		12640	1947	1953	CONCRETE BLOCK/METAL	METAL		NO
11	T-HANGAR A/B	1633 NAVAJO TRAIL		7812	1954		METAL	METAL		NO
12	T-HANGAR E/F	1617 NAVAJO TRAIL		10268	1954		METAL	METAL		NO
13	PUMP HOUSE	HWY 36 (AIRPORT)			1975		METAL	METAL		NO
14	FLEET MAINTENANCE SHOP	898 SANDY ST		26457	1963	1984	METAL AND CONCRETE	TAR AND GRAVEL BLOCK	FIRE EXTINGUISHERS	NO
15	LIVE FIRE BURN HOUSE	4242 E LAKE RD		2750	2009		STEEL/CONCRETE			
16	FACILITIES MAINTENANCE	782 SANDY ST		7200	1977	1988	METAL	METAL	FIRE EXTINGUISHERS	NO
17	STREET MAINTENANCE AND SOLID WASTE DIVISIONS OFFICE	149 GANN ST		6684	1963 CIRCA	1985	MASONRY	BUILT-UP	FIRE EXTINGUISHERS	NO
18	CAR AND TRUCK WASH	852C SANDY ST		920	1994		MASONRY	METAL		NO
19	POP-WARNER FOOTBALL FIELD HOUSE	S 9TH & BARROW		2160	Unknown		FRAME	COMPOSITION	WALL MOUNT EXTINGUISHER	YES A-9
20	COBB PARK RESTROOMS	909 FORREST AVE		320	1965		BRICK	WOOD COMPOSITION		YES A-9
22	FIRE LOGISTICS CENTER (OLD APPARATUS SHOP)	643 S 7TH ST		7880	1965		MASONRY	T-BEAM CONT/TAR & GRAVEL	FIRE EXTINGUISHERS	NO
23	OLD FIRE STATION #3	2201 S 19TH ST		4234	1954		MASONRY	TAR	FIRE EXTINGUISHERS	NO
24	OLD FIRE STATION #4	1909 W STAMFORD ST		4335	1962		MASONRY	TAR	FIRE EXTINGUISHERS	YES A-12
25	FIRE STATION #5	1250 EN 16TH ST		10898	1986		BRICK	METAL	FIRE EXTINGUISHERS	NO
26	FIRE STATION #6	1482 S DANVILLE DR		7,849	1982		MASONRY	T-BEAM CONCRETE W/TAR GRAVEL	FIRE EXTINGUISHERS	NO
27	OLD FIRE STATION #7	4317 N 10TH ST		4106	1958		MASONRY	TAR - BUILT-UP	FIRE EXTINGUISHERS	YES A-1
28	FIRE STATION #8	5680 BUFFALO GAP RD		8566	1982		MASONRY	T-BEAM CONCRETE W/TAR & GRAVEL	FIRE EXTINGUISHERS	NO
29	FIRE ACADEMY CLASSROOM	4242 E LAKE RD		2400	1978		METAL	METAL		NO
30	ACADEMY BLDG (FRAME STORAGE)	4242 E LAKE RD		1200	1982		METAL	METAL		NO
31	ICM - HAY STORAGE BLDG	4242 E LAKE RD		120	1983		PORTABLE BLDG (ICM)	METAL		NO
33	ANIMAL SERVICES SHELTER	925 S 25TH ST		7205	1975	2010	CONCRETE BLK & BRICK	GRAVEL (BUILT UP)	FIRE EXTINGUISHERS	YES A-9
34	FIRE ACADEMY STORAGE BUILDING	4242 E LAKE RD		120	2002		PREFAB SHED			
37	ABILENE PUBLIC LIBRARY (MAIN)	202 CEDAR ST		28000	1959	2000	BRICK	FLAT GRAVEL (BUILT UP)	SPRINKLER SYSTEM IN BASEMENT ONLY	NO

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
38	FIRE ACADEMY COVERED PARKING AREA	4242 E LAKE RD		1200	1995					
39	CONVENTION CENTER	1100 N 6TH ST		98733	1970	1982, 1985, 1990	CONCRETE (SFR)	GRAVEL & TAR	SPRINKLER SYSTEM IN CONF CENTER AND BACKSTAGE AREA	NO
40	ROSE RECREATION CENTER BUILDING AND GYM	2601 S 7TH ST		10374	CIRCA 1930	Unknown	BRICK	WOOD SHINGLE	FIRE EXTINGUISHERS	NO
41	ADAPTIVE RECREATION CENTER (OLD ROSE SENIOR CITIZENS CENTER)	2609 S 7TH ST		15400	1940	1974, 1986	BRICK & CONCRETE	CONCRETE, GRAVEL, ASPHALT FINISH BUILT UP	FIRE EXTINGUISHERS	YES A-11
42	ROSE PARK TENNIS CENTER	810 PORTLAND ST		2404	1959		FRAME & BRICK	COMP. SHINGLE	FIRE EXTINGUISHER	NO
43	ROSE PARK ACTIVITY BLDG	2633 S 7TH ST		1966	1959		HAYDITE BLOCK	STEEL	FIRE EXTINGUISHERS	NO
44	ROSE PARK FORMER MAINTENANCE BLDG (STORAGE)	749 BARROW ST		4400	1938	1978	CINDER BLOCK & CLAY TILE	BUILT UP	WALL MOUNT EXTINGUISHERS	YES A-11
45	JAGUAR/OCELOT DISPLAY	2070 ZOO LANE		1563	1995	1996	CONCRETE/MASONRY/BRICK			
47	ACT THEATRE	809 BARROW ST		5808	1964		BRICK/FRAME			
48	ROSE PARK ROUND BUILDING	801 S MOCKINGBIRD		5542	1964		MASONRY (TYPE II-N)	BUILT UP GRAVEL	FIRE EXTINGUISHERS	YES A-9
49	ROSE PARK SCOUT BLDG	S 9TH & BARROW		1125	1950		FRAME	COMPOSITION		YES A-11
50	MABEL D. LILUS BRIDGE CENTER	S 9TH & BARROW			1978		CINDER BLOCK	BUILT UP		
51	ROSE PARK #1 RESTROOM	S 7TH & MOCKINGBIRD		490	1956		BRICK	BUILT UP - GRAVEL		NO
52	ROSE PARK #2 RESTROOM	S 7TH & MOCKINGBIRD		594	1956		BRICK	BUILT UP - GRAVEL		NO
54	NORTHSIDE AIRPORT REGULATOR BUILDING	1949 NAVAJO CR		496	1953		METAL	METAL		NO
55	ROSE PARK BASEBALL FIELD, CONCESSION BLDG.	S 7TH & BARROW		798	1965	1986	CINDER BLOCK	BUILT UP	WALL MOUNT EXTINGUISHER	YES A-9
58	COUGAR NIGHT HOUSE (OLD ZOO ENTRANCE AND SHOP)	2070 ZOO LANE		720	1966		HAYDITE BRICK, ROCK	CONCRETE BEAM, COMP/GRAVEL VENEER	FIRE EXTINGUISHER	NO
59	HERPETERIUM	2070 ZOO LANE		1257	1966	1975	HAYDITE BLOCK, ROCK	CONCRETE BEAM, COMP/GRAVEL VENEER	EXTINGUISHER/WATER HOSE	NO
60	SECRETARY BIRD SHELTER	2070 ZOO LANE		80	2009		FRAME			
61	DISCOVERY CENTER/ELM CREEK BACKYARD	2070 ZOO LANE		8911	1990	2006	CONCRETE BLOCK/BRICK	BUILT-UP/METAL	FIRE EXTINGUISHERS	NO
62	Madagascar/OLD EDUCATION BUILDING	2070 ZOO LANE		1452	1966	2021	HAYDITE BRICK, GLASS,	CONCRETE I-BEAMS, COMP/GRAVEL STONE VENEER	FIRE EXTINGUISHER	NO
63	LION - RHINO COMPLEX	2070 ZOO LANE		1325	1966	2009	POURED CONCRETE	CONCRETE I-BEAM, COMP/GRAVEL	FIRE EXTINGUISHER	NO
64	GIRAFFE NIGHT HOUSE	2070 ZOO LANE		924	1968		HAYDITE BRICK, STONE	CONCRETE, COMP/GRAVEL VENEER	EXTINGUISHER	NO
65	AFRICAN SERVICE BARN	2070 ZOO LANE		2600	1967		HAYDITE BRICK	PLYWOOD, COMP/GRAVEL	EXTINGUISHER	NO
66	TEXAS SERVICE BARN	2070 ZOO LANE		1924	1967	1996	HAYDITE BRICK	PLYWOOD, COMP/GRAVEL	EXTINGUISHER	NO
67	REST ROOMS (NORTH)/WATERING HOLE CONCESSION STAND	2070 ZOO LANE		632	1966		HAYDITE BRICK, ROCK	CONCRETE BEAM, COMP/GRAVEL VENEER		NO
68	PRIMATE EXHIBIT	2070 ZOO LANE		174	1966	2003	POURED CONCRETE	CONCRETE		NO
70	HAY BARN/STORAGE	2070 ZOO LANE		3000	1974		STEEL PANEL	STEEL PANEL	EXTINGUISHER	NO
71	WATERFOWL NIGHT HOUSE	2070 ZOO LANE		935	CIRCA 1979		HAYDITE BRICK	PLYWOOD, COMP/GRAVEL		NO
72	FREEZER (STORAGE)	2070 ZOO LANE		300	1979	2009	WOOD/FIBERGLASS	WOOD		NO

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73	NELSON PARK PUMP HOUSE	2070 ZOO LANE			1966		HAYDITE BLOCK	PLYWOOD, COMPOSITION		NO
74	COMMISSARY COMPLEX	2070 ZOO LANE		1512	1966	2009	HAYDITE BRICK, ROCK	CONCRETE BEAM, COMP/GRAVEL VENEER	EXTINGUISHERS	NO
75	NELSON PARK GREENHOUSE/VET CLINIC	2070 ZOO LANE		2163	1965		METAL FRAME & GLASS	SAME	WALL MOUNT EXTINGUISHER	NO
76	NELSON PARK TROPICAL GREENHOUSE	2070 ZOO LANE		608	1980		METAL FRAME & GLASS	SAME	WALL MOUNT EXTINGUISHER	NO
77	KEEPER BREAK ROOM (OLD ADMINISTRATION)	2070 ZOO LANE		792	CIRCA 1967		STD. WITH ROCK VENEER	COMPOSITION/GRAVEL	FIRE EXTINGUISHER	NO
78	CROWNED CRANE SHELTER	2070 ZOO LANE		80	2009		FRAME			
79	NELSON PARK OFFICE AND MAINTENANCE SHOP	2070 ZOO LANE		1667	1966		METAL	SAME	WALL MOUNT EXTINGUISHER	NO
80	NELSON PARK EQUIPMENT SHELTER	1800 ES 11TH ST		660	1975		ICM	ICM		NO
81	FESTIVAL GARDENS RESTROOMS/ KITCHEN BLD	1750 ZOO LANE		848	1967		CONCRETE BLOCK	PRE-CAST CONCRETE		NO
82	G V DANIELS REC CENTER	541 N 8TH ST		16518	1962	1977, 1981, 1999	BRICK VENEER		FIRE ALARM IN GYM	NO
84	CD STORAGE BLDG	1825 NAVAJO CR		1375	1956		METAL	METAL		NO
86	STEVENSON PARK RESTROOM	441 EN 7TH ST		648	CIRCA 1965	2005	BRICK/CONCRETE BLOCK	BUILT UP	WALL MOUNT EXTINGUISHER; VENT HOOD FIRE SUPPRESSION OVER GRILL	YES A-9
89	JACKSON PARK DIXIE LITTLE LEAGUE - BALLFIELD FACILITIES	EDGEMONT & MARSHALL			1981		CINDER BLOCK	BUILT UP		NO
91	POLICE STATION AT SAFETY CITY	2601 S 7TH ST		2782	2011		FRAME			
92	REDBUD PARK CONCESSION STAND	S 32ND & BARROW		3129	1976		CINDER BLOCK 2 STORY	COMPOSITION	WALL MOUNT EXTINGUISHER; VENT HOOD FIRE SUPPRESSION OVER GRILL	NO
93	REDBUD PARK STORAGE	S 32ND & BARROW		225	1977		CINDER BLOCK	BUILT UP		NO
94	REDBUD PARK CLIVUS MULTRUM RESTROOM	S 32ND & BARROW		300	1982		FRAME	COMPOSITION		NO
95	SEARS PARK RECREATION CENTER & GYM	2250 AMBLER AVE		20484	1979		MASONRY	REC CENTER, FLAT, BUILT-UP - GYM, ARCHED, BUILT-UP	FIRE EXTINGUISHERS	NO
96	SEARS PARK RESTROOM	2320 - 2336 AMBLER AVE		216	1992		MASONRY/CONCRETE			
98	SEARS PARK NORTHERN LITTLE LEAGUE BASEBALL CONCESSION	2320 - 2336 AMBLER AVE		1344	2005		CONCRETE BLOCK	FLAT - MOPPED	WALL MOUNT EXTINGUISHER; VENT HOOD FIRE SUPPRESSION OVER GRILL	NO
99	CONCESSION	FORREST AVE & STATE ST		692	1966		CONCRETE BLOCK	BUILT UP	WALL MOUNT EXTINGUISHER	YES A-9
100	COBB PARK PAVILLION	911 FORREST AVE		600	CIRCA 1965		IRON PIPE - WOOD	WOOD SHINGLE		YES A-9
101	COBB PARK RECREATION CENTER	2302 STATE ST		12451	1959		CONCRETE BLOCK	BUILT UP ROOF	HAND FIRE EXTINGUISHER	YES A-9
102	WILL HAIR PARK EASTERN LITTLE LEAGUE CONCESSION	100 - 349 E AMBLER AVE		1090	1960		CONCRETE BLOCK	BUILT UP	WALL MOUNT EXTINGUISHER; VENT HOOD FIRE SUPPRESSION OVER GRILL	YES A-9

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
103	WILL HAIR PARK GIRLS FIELD RESTROOM/CONCESSION/ANNOUNCERS BOOTH	100 - 349 E AMBLER AVE		776	1960		CONCRETE BLOCK	METAL	WALL MOUNT EXTINGUISHER; VENT HOOD FIRE SUPPRESSION OVER GRILL	YES A-9
105	WILL HAIR PARK PUMP HOUSE	100 - 349 E AMBLER AVE		144	1968		CONCRETE	CONCRETE		YES A-9
106	WILL HAIR PARK PICNIC SHELTER	100 - 349 E AMBLER AVE		875	1960		NONCOMBUSTIBLE	BUILT UP		YES A-9
107	WILL HAIR PARK RESTROOM PAVILION #1	100 - 349 E AMBLER AVE		300	1960		BRICK - CONCRETE BLOCK	BUILT UP		YES A-9
108	WILL HAIR PARK RESTROOM PAVILION #2	100 - 349 E AMBLER AVE		150	1960		BRICK - CONCRETE BLOCK	BUILT UP		YES A-9
109	DOWNTOWN RESTROOM	241 CEDAR ST		136	2009		MASONRY			
110	HENDRICKS MEDICAL CENTER REPLICA AT SAFETY CITY	2601 S 7TH ST		1462	1981		MASONRY			
111	FIRE SAFETY HOUSE AT SAFETY CITY	2601 S 7TH ST		2000	2009		WOOD CONSTRUCTION/NON-RATED			
112	GILL PARK OPEN PICNIC SHELTER	S 12TH & WILLIS			CIRCA 1965		CINDER BLOCK	BUILT UP		YES A-9
113	KIRBY PARK OPEN PICNIC SHELTER	249 S 14TH			1950		OPEN SIDE-PIPE SUPPORT	WOOD SHINGLE		YES A-9
114	BOARDWALK FOR ALLIGATOR POND	2070 ZOO LANE		2285 FT OF DECKING	2007		WOOD DECK		WALL MOUNT EXTINGUISHER; VENT HOOD FIRE SUPPRESSION OVER GRILL	NO
115	NELSON PARK 1 & 2 BALLFIELD CONCESSION	1750 ZOO LANE		1596	1968		PRECAST CONCRETE	SAME		N/A
118	NELSON PARK RESTROOM PAVILION #1	1750 ZOO LANE		390	1968		CINDER BLOCK-ROCK FACE	METAL		YES AO-2
119	NELSON PARK RESTROOM PAVILION #2	1750 ZOO LANE		390	1968		CINDER BLOCK ROCK FACE	METAL		YES AO-Z
120	Valentine PARK MAINTENANCE BUILDING	1317 N PIONEER		1800	1982		METAL	METAL	WALL MOUNT EXTINGUISHER	
121	Valentine PARK EQUIPMENT SHED	1317 N PIONEER		1760	1982		METAL	METAL		
123	REYES FLORES PARK PUMP HOUSE	700 BOIS D ARC		71	CIRCA 1943		CONCRETE BLOCK	COMPOSITION		YES A-9
128	CEMETERY OFFICE	1133 COTTONWOOD		401	1967		BRICK/BRICK VENEER	FLAT, BUILT-UP	FIRE EXTINGUISHER	NO
129	CEMETERY MAINTENANCE BARN	N 10TH & COTTONWOOD		1350	1965		ICM	METAL	FIRE EXTINGUISHER	NO
130	MUNICIPAL WATER SERVICE CENTER	701 E HWY 80		13166		1984	CINDER BLOCK	BUILT UP	8 FIRE EXTINGUISHERS	NO
131	EQUIPMENT STORAGE SHED	701 E HWY 80		1406	1970		METAL	N/A CORRUGATED STEEL; 1 LARGE BUTLER TYPE METAL BLDG.		NO
132	VEHICLE IMPOUND LOT STORAGE BLDG	2349 SANDY ST		264	1984		PORTABLE BLDG			
133	POLICE ACADEMY SHOOTING MODULE	4557 E LAKE RD		3900	2000		FRAME			
134	SNIPER RANGE SHED	4557 E LAKE RD		100	2010		FRAME			
136	ELMDALE 500K GALLON ELEVATED STORAGE TANK	1/4 MILE S OF HWY 80 EAST ON ELMDALE RD		500,000 GALLON	CIRCA 1975		STEEL TANK	N/A		NO

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139	HIGH LEVEL PUMP STATION	4414 BRIEF ST			1964		BRICK	CEDAR SHINGLES	FIRE EXTINGUISHER	NO
140	NORTHWEST PUMP STATION	6949 MARIGOLD		1415	1965		BRICK	ASPHALT & ROCK	FIRE EXTINGUISHER	NO
141	NORTHWEST 7.5M GAL GROUND STORAGE TANK	6949 MARIGOLD		7,500,000 GALLONS	1965	1984	STEEL	N/A		NO
142	1.5M GAL ELEVATED STORAGE TANK	2241 S 19TH ST		1,500,000 GALLONS	1955		STEEL			NO
143	2M GAL ELEVATED STORAGE TANK	5221 HARTFORD ST		2,000,000 GALLONS	1961		HEAVY METAL	N/A		NO
144	BUCK CREEK PIPE YARD	2 3/4 MILES NORTH FROM HWY 351 ON E. LAKE RD (FM 2833)			1950		HOGWIRE/BARBED WIRE	N/A FENCE		NO
145	1M GAL ELEVATED STORAGE TANK	4581 BUFFALO GAP RD		1,000,000 GALLONS	1965		STEEL	STEEL		NO
146	BUCK CREEK PUMP STATION	.5 MI N/W OF NE WATER TREATMENT PLANT			1957		BRICK	TAR & GRAVEL (BUILT UP)	HOSE & STANDPIPE	NO
147	BUCK CREEK WATER TREATMENT (BLOWER BUILDING)	.5 MI N/W OF NE WATER TREATMENT PLANT			1978		BRICK	TAR & GRAVEL (BUILT UP)	HOSE & STANDPIPE	NO
148	HAMBY WASTEWATER TREATMENT (CONTROL BUILDING)	19000 CR 309			1964		BRICK	METAL PITCHED ROOF IN 2015	HOSE & STANDPIPE	NO
154	HAMBY WASTEWATER TREATMENT 4 FORMER PRIMARY CLARIFIER (1/2 UNDERGROUND) UNITS - REPURPOSED IN 2015	19000 CR 309			1958	1984; 2015	CONCRETE	NO ROOF	HOSE & STANDPIPE	NO
155	HAMBY WASTEWATER TREATMENT FORMER SECONDARY CLARIFIER (1/2 UNDERGROUND) REPURPOSED IN 2015 WITH DOME	19000 CR 309			1964	1984; 2015	CONCRETE	NO ROOF	HOSE AND STANDPIPE	NO
156	MOCKINGBIRD BRANCH LIBRARY (BLDG LEASED BY CITY)	1214 N MOCKINGBIRD		N/A						
157	NORTHEAST TREATMENT CONTROL BUILDING	4210 E LAKE RD			1970		STONE	BUILT UP	HOSE/STNDPIPE/FIREEXT.	NO
158	N.E. TREATMENT PLANT - HIGH SERVICE PUMP BUILDING	4210 E LAKE RD			1970		STONE	BUILT UP	HOSE/STNDPIPE/FIREEXT.	NO
159	FORMER WIC STORAGE BUILDING	BEHIND 1949 SANTOS		560			METAL	METAL		
160	GRIMES WATER TREATMENT PLANT	209 E HWY 80		15880	1980	1981	BRICK	BUILT UP	HOSE/STNDPIPE/FIREEXT.	NO
161	GRIMES CHLORINE BLDG	209 E HWY 80			1980	1981	BRICK	BUILT UP	HOSE/STNDPIPE/FIREEXT.	NO
162	GRIMES SHOP BULDING	209 E HWY 80			1958	1981	BRICK	BUILT UP	HOSE/STNDPIPE/FIREEXT.	NO
163	GRIMES FILTER BUILDING	209 E HWY 80			1941	1981	CONCRETE	CONCRETE	HOSE/STNDPIPE/FIREEXT.	NO
164	ABILENE PLANT CONTROL BUILDING WATER TREATMENT FACILITY	7566 PENNEY LANE		3000	1980	1981	BRICK	BUILT UP	HOSE/STNDPIPE/FIREEXT.	NO
165	ABILENE PLANT OPERATOR DWELLING	7566 PENNEY LANE		1540	1991		BRICK, FRAME, CONCRETE		FIRE EXTINGUISHER	NO
166	ABILENE PLANT PUMP HOUSE FOR CHEMICALS	7566 PENNEY LANE		528	1995					
167	LIFT STATION	GRAPE & BIRCHWOOD - IMPACT, TEXAS			1967		CONCRETE STEEL	CONCRETE		YES A-5
168	LIFT STATION	HUCKLEBERRY LN & OLD ANSON RD - HUCKLEBERRY			1960		CONCRETE & BRICK	CONCRETE		YES A-5

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169	SEWAGE LIFT STATION	BAYLOR & TRINITY - LYTLE SOUTH					CONCRETE	CONCRETE		NO
170	PUMP HOUSE	ABILENE STATE PARK			1922	1986	BRICK	CONCRETE & STEEL	FIRE EXTINGUISHER	YES COUNTY MAPS
171	CHLORINE BLDG	LAKE FT PHANTOM HILL			1959		CONCRETE & BRICK	CONCRETE, ASPHALT & ROCK	FIRE EXTINGUISHER	NO
172	BOAT HOUSE	LAKE FT PHANTOM HILL - EAST SIDE			1978		STEEL	STEEL	FIRE EXTINGUISHER	NO
173	BOOSTER STATION	WEST OF NE WATER TREATMENT PLANT		N/A	1959		CONCRETE & BRICK	CONCRETE, ASPHALT & ROCK	FIRE EXTINGUISHER	NO
174	LAKE ABILENE HOUSE (STORAGE ONLY)	4710 FM 89 - LAKE ABILENE			1992		WOOD FRAME/BRICK VENEER	SHINGLES	FIRE EXTINGUISHER	YES A COUNTY MAPS
175	PAVILION	2070 ZOO LANE		1395	2004		BVB			
176	LAKE PATROL HOUSE	10433 ARROW PT		2000 - 1600 LIVEABLE	1991		WOOD FRAME/BRICK VENEER	ASPHALT SHINGLES	SMOKE DETECTORS	YES A-7
177	LAKE PATROL HOUSE	10449 ARROW PT		2000 - 1600 LIVEABLE	1991		WOOD FRAME/BRICK VENEER	ASPHALT SHINGLES	SMOKE DETECTORS	YES A-7
180	CLEAR FORK BRAZOS PUMP STATION	11166 WEST LAKE RD		N/A	1950		CONCRETE & STEEL	CONCRETE, STEEL, ASPHALT	FIRE EXTINGUISHER	YES UNMAPPED
181	PUMP STATION	LAKE FT PHANTOM HILL		N/A	1959		CONCRETE, STEEL & BRICK	CONCRETE, STEEL, ASPHALT	FIRE EXTINGUISHER	YES UNMAPPED
182	NEW PUMP STATION	FM 600 - CLEAR FORK BRAZOS RIVER			1968		CONCRETE & STEEL	STEEL	FIRE EXTINGUISHER	YES UNMAPPED
184	POLICE ACADEMY OLD PISTOL RANGE CLASSROOM BLDG	4557 E LAKE RD		960	1976	1984	DELTA (ICM)	METAL		NO
186	POLICE ACADEMY OLD TRAINING BUILDING	4557 E LAKE RD		3596	1982	1987; 2006	ICM (DELTA TYPE)	METAL	FIRE EXTINGUISHER	NO
187	POLICE ACADEMY PISTOL RANGE STORAGE BUILDING	4557 E LAKE RD		576	2000		METAL BUILDING			NO
190	COBB PARK ACTIVITY BUILDING	909 FORREST ST		1160	1961		MASONRY	BUILT-UP ROOF	FIRE EXTINGUISHERS	YES A-9
191	FIRE STATION #2	901 ES 27TH ST		6927	1986		MASONRY	ASPHALT	FIRE EXT.; SPRINKLER SYSTEM, BUT NOT OPERABLE	NO
192	ELKS ARTS CENTER	1174 N 1ST		10550	1913	2001	WD. FRM/BRICK VENEER/3S	BUILT UP	N/A	NO
193	TRAFFIC SERVICES	774 SANDY ST		5502	1966	1985	CINDER BLOCK, BRICK	GYPSUM, GRAVEL BUILT-UP	FIRE EXTINGUISHERS	NO
196	LEC STORAGE BUILDING #1	4401 S 1ST ST		192	2000		FRAME			
197	LEC STORAGE BUILDING #2	4401 S 1ST ST		192	2000		FRAME			
198	CAL YOUNG PARK PAVILLION AND RESTROOM	950 T&P LANE		325	1980	1995	CINDER BLOCK ROCK FACE	METAL		YES A-6
199	POLICE ACADEMY TRAINING BUILDING	4557 E LAKE RD		5646	2012		STEEL FRAME, STUCCO WALLS	METAL		
200	MAXWELL GOLF COURSE CLUBHOUSE	1002 S 32ND ST		4566	1960		CONCRETE BLOCK	TAR & GRAVEL		YES
201	MAXWELL GOLF COURSE CART BARN	1002 S 32ND ST		2000	1980		METAL	METAL		YES

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202	MAXWELL GOLF COURSE MAINTENANCE BARN	1002 S 32ND ST		1820	1960		METAL & WOOD	METAL		
203	MAXWELL GOLF COURSE PUMPHOUSE	1002 S 32ND ST		384	1983		CONCRETE BLOCK	METAL		YES
204	MAXWELL GOLF COURSE RESTROOM (ON COURSE)	1002 S 32ND ST		216	1970		CONCRETE BLOCK	TAR & GRAVEL		YES
206	CAL YOUNG KEY CITY PRESS BOX AND CONCESSION	950 T&P LANE		968	1978		MASONRY		VENT HOOD FIRE SUPPRESSION OVER GRILL	
207	CAL YOUNG KEY CITY BATTING CAGE AND STORAGE BLDG	950 T&P LANE		374	1988		MASONRY			
211	750K GALLON ELEVATED WATER STORAGE TANK	8115 HWY 83/84		750000 GALLONS	1988		PRE-CAST CONCRETE	NA	NA	NO
212	CONTAINER MAINTENANCE FORMER WELDING SHOP	102 S 3RD ST		1200	CIRCA 1970	1989	ICM	METAL	FIRE EXTINGUISHERS	YES A-9
213	AIRPORT RESCUE FIRE FIGHTING STATION	2798 EAST INDUSTRIAL BLVD		4051	1991		JOISTED MASONRY	METAL	EXTINGUISHERS/FIRE TRUCKS	NO
214	300K GALLON ELEVATED STORAGE TANK	JONES COUNTY RD 311		300000 GALLONS	1991		CONCRETE AND STEEL	N/A		NO
215	WATER ENVIRONMENTAL LAB	4209 E LAKE RD		8800	1991		CONCRETE/MASONRY/BRICK	BUILT UP/AGGREGATE	EXTINGUISHERS/ALARM	NO
216	SKID BUILDING	ELMDALE TANK		48			MASONITE SIDING	PLYWOOD		
217	SKID BUILDING	2241 S 19TH ST		48			ALUMINUM CORROGATED	PLYWOOD		
220	SEARS PARK PAVILION/RESTROOMS	2320 - 2336 AMBLER AVE		247	1992		WOOD/CONCRETE MASONRY	WOOD/METAL		YES
221	FIRE ACADEMY STORAGE UNIT	4242 E LAKE RD		64	1995		FRAME	COMPOSITION	N/A	N/A
222	FIRE TRAINING TOWER	4242 E LAKE RD		3168	1994		TYPE	CEMENT	TRAINING PURPOSES ONLY	
228	DEPOT (VISITOR INFORMATION CENTER)	1101 N 1ST ST		6282	1910	1994	MASONARY			
229	BAGGAGE EXPRESS (VLETAS CANDIES)	1201 N 1ST ST		3040	1935	1998	BRICK, SINGLE STORY			
234	MAPLE STREET PUMP STATION	5150 MAPLE ST		2,688	1990		PRECAST CONCRETE	PRECAST CONCRETE	EXTINGUISHERS	
236	ROSE PARK SENIOR CITIZEN'S CENTER	2625 S 7TH ST		26254	2001		BRICK		SPRINKLER SYSTEM	NO
238	FIRE STATION #1	250 GRAPE ST		18573	2001		METAL/MASONARY	ASPHALT SHINGLES + TAR & GRAVEL	SPRINKLER SYSTEM	No
240	HANGAR 4	1717 NAVAJO TRAIL		30098	1972		NONCOMBUSTIBLE			
241	LAKE KIRBY BALLFIELD BLEACHER AWNINGS (8)	5650 MAPLE ST		600	2008		METAL			
242	LAKE KIRBY PARK MULLINS SOFTBALL CONCESSION	5602 MAPLE ST		1632	1995		CONCRETE BLK, 2 STORY		VENT HOOD FIRE SUPPRESSION OVER GRILL	
243	LAKE KIRBY PARK WYLIE BASEBALL CONCESSION	5650 MAPLE ST		1584	1991		CONCRETE BLOCK, 2 STORY		VENT HOOD FIRE SUPPRESSION OVER GRILL	
244	LAKE KIRBY PARK OPEN PICNIC PAVILLION	5650 MAPLE ST		961	2001		STEEL FRAME	WOOD ROOF DECK, METAL ROOF		
245	LAKE KIRBY PARK COMPOSTING RESTROOM	5626 MAPLE ST		56	1993		CONCRETE BLOCK			
247	LAKE PATROL HOUSE	11158 W LAKE RD		1960 - 1600 LIVABLE	2002		WOOD FRAME/BRICK VENEER			

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
248	STEVENSON PARK PAVILLION	441 EN 7TH ST		1024	2003		STEEL FRAME	WOOD ROOF DECK, METAL ROOF		
249	SCARBOROUGH PARK PAVILLION	5402 HARTFORD		1024	2002		STEEL FRAME	WOOD ROOF DECK, METAL ROOF		
250	IVIE PIPELINE INTAKE PUMP STATION	3097 CR 126, BALLINGER, TX 76821		N/A	2003		CONCRETE TILT-WALL ON CONCRETE PIERS/STEEL FRAME			
251	IVIE PIPELINE ELECTRICAL/TOILET BUILDING	3097 CR 126, BALLINGER, TX 76821			2003		CONCRETE BLOCK	STEEL		
252	IVIE PIPELINE ELECTRIC TRANSFORMER SUBSTATION	3097 CR 126, BALLINGER, TX 76821		N/A	2003		138 KV STEP-DOWN TRANSFORMER/SWITCHGEAR			
253	IVIE PIPELINE BOOSTER STATION	4273 CR 164, TALPA, TX 76882		N/A	2003		CONCRETE TILT-WALL/STEEL FRAME			
254	IVIE PIPELINE BOOSTER STATION 6MG G.S.T.	4273 CR 164, TALPA, TX 76882		N/A	2003		PRESTRESSED CONCRETE			
255	IVIE PIPELINE BOOSTER ELECTRIC TRANSFORMER SUBSTATION	4273 CR 164, TALPA, TX 76882		N/A	2003		138KV STEP-DOWN TRANSFORMER/SWITCHGEAR			
256	IVIE - 181 CONCRETE POWERLINE POLES/HARDWARE	COLEMAN, RUNNELS COUNTIES/138 KV POWERLINE, 22 MILES		N/A	2003		PREFORMED CONCRETE POLES, CABLE, HARDWARE			
257	IVIE PIPELINE OVALO TERMINAL 10 MG G.S.T.	5946 HIGHWAY 83, OVALO, TX 79541		N/A	2003		PRESTRESSED CONCRETE			
258	IVIE PIPELINE OVALO TERMINAL SCADA BUILDING	5946 HIGHWAY 83, OVALO, TX 79541		144	2003		PRECONSTRUCTED REINFORCED FIBERGLASS			
259	SOUTHSIDE WTP ADMINISTRATION/PROCESS (HARGESHEIMER PLANT)	1594 HIGHWAY 83/84, TUSCOLA		27740 TOTAL	2003		ARCHITECTURAL CONCRETE/PAINTED STEEL PANELS		GASEOUS FIRE SUPPRESSION SYSTEM IN CHLORINE ROOM ONLY	
260	SSWTP 5.0 MG HSPS CLEARWELL	1594 HIGHWAY 83/84, TUSCOLA, TX 79562		N/A	2003		PRESTRESSED CONCRETE			
261	SSWTP HIGH SERVICE PUMP STATION	1594 HIGHWAY 83/84, TUSCOLA, TX 79562		N/A	2003		PAINTED STEEL PANELS ON STEEL FRAME			
264	TRANSFORMER/REGULATOR BUILDING	2917 W ACCESS DRIVE		544	2012		METAL	METAL		NO
265	T-HANGAR C/D	1625 NAVAJO TRAIL		7812	1954		METAL	METAL		NO
267	HEALTH DEPARTMENT/COMMUNITY SERVICES ADMINISTRATION	850 N 6TH ST		31099	2005		BRICK		SPRINKLER SYSTEM	
268	ADVENTURE CENTER (ZOO ENTRY AND LEARNING CENTER COMPLEX)	2070 ZOO LANE		15989	2007		STEEL FRAME WITH ROCK EXTERIOR			
269	INDUSTRIAL HANGAR #1	2751 AIRPORT BLVD		31567	1999		NONCOMBUSTIBLE			
270	N.E. TREATMENT PLANT - CARBON BUILDING	4210 E LAKE RD			1970		STONE	BUILT UP	HOSE & STANDPIPE	NO
271	STORMWATER (FORMER NATIONAL GUARD ARMORY)	2641 S 9TH		27034	1955		BRICK	BUILT UP		
273	ROSE PARK MAINTENANCE (FORMER NATIONAL GUARD BLDG 2)	2542 S 9TH ST		4130	1956		BRICK			

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
274	STORAGE BUILDING (FORMER NATIONAL GUARD STORAGE)	2641 S 9TH ST		5000	1990		METAL			
275	CITY HALL TOWER	555 WALNUT		N/A						
276	RADIO SHOP TOWER	774 SANDY ST		N/A						
277	LAKE KIRBY SITE TOWER AND BUILDING	5650 MAPLE ST		480	2006					
278	POLICE ACADEMY TOWER AND BUILDING	3849 E LAKE RD		360	2006					
279	VANGUARD TOWER AND BUILDING	1798 OLD COLEMAN HWY		360	2006					
280	HARTFORD TOWER AND BUILDING	5221 HARTFORD ST		360	2006					
282	COLLINS BOAT HOUSE	LAKE FT PHANTOM HILL - WEST SIDE								
283	KIRBY PUMP STATION HOUSE	2073 OAK STREET								
285	CAL YOUNG PARK PLAYGROUND AND DISC GOLF COURSE	950 T&P LANE			1980		MASONRY			
286	CAL YOUNG KEY CITY INLINE HOCKEY RINK AND BLEACHERS	950 T&P LANE		N/A						
287	CAL YOUNG KEY CITY HOCKEY STORAGE BUILDING	950 T&P LANE		120	2000					
288	CAL YOUNG KEY CITY FIELD 2 CITY PRESS BOX	950 T&P LANE		96						
290	NELSON PARK SPLASH PAD	1750 ZOO LANE			2012					
291	GRIMES TREATMENT PLANT ELEVATED STORAGE TANK	209 E HWY 80			1955					
292	ENVIRONMENTAL RECYCLING CENTER (VARIOUS PORTABLE BLDGS)	2209 OAK ST								
294	MAPLE ST 2.0 MG GROUND STORAGE TANK	5050 MAPLE ST								
304	WILSON PARK PAVILLION	SAN JACINTO & NORTHWAY DRIVE		448	2003		STEEL FRAME	WOOD ROOF DECK, METAL ROOF		
305	JANE SELLERS COMPLEX CONCESSION/RESTROOM BLDG	601 BOOKER T WASHINGTON		575	1990		CONCRETE BLOCK			
308	SOUTHWEST DRIVE RESTROOM AT SOCCOR FIELDS	4434 CURRY LN		234	2002		CONCRETE BLOCK			
310	SEARS PARK PAVILION	2320 - 2336 AMBLER AVE		1024	1992		NONCOMBUSTIBLE			
311	SEARS PARK PICNIC SHELTER 1	2320 - 2336 AMBLER AVE		144	1992		NONCOMBUSTIBLE			
312	SAM'S/BARRETT'S/PARAMOUNT REPLICA AT SAFETY CITY	2601 S 7TH ST		187	1981		MASONRY NONCOMBUSTIBLE			
313	CBS INSURANCE REPLICA AT SAFETY CITY	2601 S 7TH ST		36	1981		MASONRY NONCOMBUSTIBLE			
314	FOOD MART PUMPS COVER REPLICA AT SAFETY CITY	2601 S 7TH ST		150	1981		NONCOMBUSTIBLE			
315	UNITED/LOWE'S/KIWANIS REPLICA AT SAFETY CITY	2601 S 7TH ST		448	1981		MASONRY NONCOMBUSTIBLE			
316	SENER REALTORS REPLICA AT SAFETY CITY	2601 S 7TH ST		100	1981		MASONRY NONCOMBUSTIBLE			
317	MCDONALDS REPLICA AT SAFETY CITY	2601 S 7TH ST		150	1981		JOISTED MASONRY			

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
318	ABILENE BOARD OF REALTORS REPLICA AT SAFETY CITY	2601 S 7TH ST		144	1981		MASONRY NONCOMBUSTIBLE			
319	ALLIED WASTE SERVICES REPLICA AT SAFETY CITY	2601 S 7TH ST		400	1981		MASONRY NONCOMBUSTIBLE			
320	STAGING COVER AT SAFETY CITY	2601 S 7TH ST		765	1981		NONCOMBUSTIBLE			
321	GRACE MUSEUM REPLICA AT SAFETY CITY	2601 S 7TH ST		178	1981		JOISTED MASONRY			
322	KRBC REPLICA AT SAFETY CITY	2601 S 7TH ST		36	1981		JOISTED MASONRY			
323	HABITAT FOR HUMANITY REPLICA AT SAFETY CITY	2601 S 7TH ST		42	1981		JOISTED MASONRY			
324	CHURCH OF THE CROSS REPLICA AT SAFETY CITY	2601 S 7TH ST		160	1981		JOISTED MASONRY			
325	TRAIN DEPOT REPLICA AT SAFETY CITY	2601 S 7TH ST		96	2010		FRAME			
326	METRO CARE/FIRST STATE BANK/BATTS COMMUNICATION REPLICA	2601 S 7TH ST		270	1981		MASONRY NONCOMBUSTIBLE			
327	FIRST FINANCIAL BANK REPLICA AT SAFETY CITY	2601 S 7TH ST		174	1981		JOISTED MASONRY			
328	FORD BUILDING REPLICA AT SAFETY CITY	2601 S 7TH ST		126	1981		FRAME			
329	TEACHERS CREDIT UNION REPLICA AT SAFETY CITY	2601 S 7TH ST		138	1981		JOISTED MASONRY			
330	RESTROOMS/STORAGE AT SAFETY CITY	2601 S 7TH ST		349	1981		JOISTED MASONRY			
331	MATERIAL/VEHICLE STORAGE #1	701 E HWY 80		2160	1970		NONCOMBUSTIBLE			
332	MATERIAL/VEHICLE STORAGE #2	701 E HWY 80		1540	1970		NONCOMBUSTIBLE			
333	STORAGE YARD FENCING/WALL	701 E HWY 80		3300			CONCRETE BLOCK WALL			
334	CURLY HAYS FIELD CONCESSION/RESTROOM/PRESSBO X	S 9TH & BARROW		1026	1985		CONCRETE BLOCK		VENT HOOD FIRE SUPPRESSION OVER GRILL	
335	ROSE PARK TENNIS CONCESSION	810 PORTLAND ST		320	1990		JOISTED MASONRY			
336	ABILENE COMMUNITY THEATRE CLASSROOM	809 BARROW ST		4570	1972		MASONRY NONCOMBUSTIBLE			
337	CEMETERY - COMBUSTIBLE	N 10TH & COTTONWOOD		64	1999		NONCOMBUSTIBLE			
338	STORAGE	2349 SANDY ST		576	1984		NONCOMBUSTIBLE			
339	POLICE IMPOUND YARD CANOPY	2349 SANDY ST		56	2000		FRAME			
340	SNIPER RANGE CANOPY	4557 E LAKE RD		500	2010		NONCOMBUSTIBLE			
341	POLICE ACADEMY STORAGE BUILDING	4557 E LAKE RD		216	2000		FRAME			
342	POLICE ACADEMY PICNIC SHELTERS (2)	4557 E LAKE RD		144	1995		NONCOMBUSTIBLE			
343	ROSE PARK EQUIPMENT SHED	2549 S 9TH ST		1120	1995		NONCOMBUSTIBLE			
346	ROSE PARK MAINTENANCE PARTS STORAGE	2549 S 9TH ST		120	1958		MASONRY NONCOMBUSTIBLE			
347	ROSE PARK MAINTENANCE CHEMICAL STORAGE	2549 S 9TH ST		120	1990		FRAME			
348	ROSE PARK WELDING SHOP	2549 S 9TH ST		720	2010		NONCOMBUSTIBLE			

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
349	WILL HAIR PARK LITTLE LEAGUE STORAGE	100 - 349 E AMBLER AVE		264	2010		FRAME			
350	POLICE ACADEMY STORAGE	4557 E LAKE RD		112	2005		FRAME			
351	PISTOL RANGE OBSERVATION TOWER	4557 E LAKE RD		120	1982		FRAME			
353	PARKING ATTENDANT BOOTH	2934 AIRPORT BLVD		288	2009		FRAME			
354	TOLL BOOTH SHADE CANOPY	2934 AIRPORT BLVD		2400	2010		NONCOMBUSTIBLE			
355	AUTO SHADE CANOPY	2934 AIRPORT BLVD		27398	2009		NONCOMBUSTIBLE			
356	AUTO SHADE CANOPY	2934 AIRPORT BLVD		3287	2009		NONCOMBUSTIBLE			
357	AUTO SHADE CANOPY	2934 AIRPORT BLVD		5168	2009		NONCOMBUSTIBLE			
358	AUTO SHADE CANOPY	2934 AIRPORT BLVD		4484	2009		NONCOMBUSTIBLE			
359	AUTO SHADE CANOPY	2934 AIRPORT BLVD		5110	2009		NONCOMBUSTIBLE			
360	AUTO SHADE CANOPY	2934 AIRPORT BLVD		648	2009		NONCOMBUSTIBLE			
361	AUTO SHADE CANOPY	2934 AIRPORT BLVD		3800	2009		NONCOMBUSTIBLE			
362	AUTO SHADE CANOPY	2934 AIRPORT BLVD		5928	2009		NONCOMBUSTIBLE			
363	AUTO SHADE CANOPY	2934 AIRPORT BLVD		3458	2009		NONCOMBUSTIBLE			
364	AUTO SHADE CANOPY	2934 AIRPORT BLVD		3268	2009		NONCOMBUSTIBLE			
365	AUTO SHADE CANOPY	2934 AIRPORT BLVD		5282	2009		NONCOMBUSTIBLE			
366	AUTO SHADE CANOPY	2934 AIRPORT BLVD		22838	2009		NONCOMBUSTIBLE			
367	AUTO SHADE CANOPY	2934 AIRPORT BLVD		5904	2009		NONCOMBUSTIBLE			
368	AUTO SHADE CANOPY	2934 AIRPORT BLVD		2952	2009		NONCOMBUSTIBLE			
369	AUTO SHADE CANOPY	2934 AIRPORT BLVD		2664	2009		NONCOMBUSTIBLE			
370	AUTO SHADE CANOPY	2934 AIRPORT BLVD		4932	2009		NONCOMBUSTIBLE			
371	AUTO SHADE CANOPY	2934 AIRPORT BLVD		3402	2009		NONCOMBUSTIBLE			
372	AUTO SHADE CANOPY	2934 AIRPORT BLVD		1332	2009		NONCOMBUSTIBLE			
373	PARKING BOOTH SHADE CANOPY	2934 AIRPORT BLVD		900	2009		NONCOMBUSTIBLE			
374	AVIS RENTAL BLD	2641 AIRPORT BLVD		1080	1990		NONCOMBUSTIBLE			
375	HERTZ CAR RENTALS	2650 AIRPORT BLVD		500	1990		NONCOMBUSTIBLE			
376	DE-ICE/SNOW TRUCK STORAGE	2941 W ACCESS DR		4160	2012		NONCOMBUSTIBLE			
377	PARKING SHADE CANOPY (MUSEUM OVERFLOW PARKING & FARMERS MARKET)	MESQUITE & N 2ND		7425	2009	2012	NONCOMBUSTIBLE			
379	OLD TERMINAL BUILDING	1941 NAVAJO CR		5560	1950		FRAME			
380	TRAIN STATION SHELTER	2070 ZOO LANE		720	2012		FRAME			
381	ALLIGATOR BARN	2070 ZOO LANE		357	2010		NONCOMBUSTIBLE			
382	FLAMINGO BARN	2070 ZOO LANE		224	2011		FRAME			
383	OCELOT BUILDING	2070 ZOO LANE		260	2009		JOISTED MASONRY			
384	THE RESERVE	2070 ZOO LANE		192	2013		FRAME			
385	PASSENGER TRANSFER PAVILION	1189 S 2ND ST		10609	1983		MASONRY			
386	NELSON PARK SHOP	1800 ES 11TH ST		1457	1975		NONCOMBUSTIBLE			
387	FESTIVAL GARDENS PAVILION	1750 ZOO LANE		1311	1967		FRAME			
388	NELSON PARK SPLASH PAD RESTROOM	1750 ZOO LANE		240	2012		MASONRY			
389	NELSON PARK SPLASH PAD PUMP SHELTER	1750 ZOO LANE		320	2012		NONCOMBUSTIBLE			
390	NELSON PARK RESTROOMS AT BALLPARK	1750 ZOO LANE		498	2000		JOISTED MASONRY			

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391	REDBUD PARK RESTROOM	S 32ND & BARROW		463	1990		JOISTED MASONRY			
392	LAKE KIRBY BATTING CAGES BUILDING	5650 MAPLE ST		560	1991		NONCOMBUSTIBLE			
393	LAKE KIRBY MINOR LEAGUE STORAGE	5650 MAPLE ST		480	1990		CONCRETE BLOCK, 2 STORY			
394	LAKE KIRBY MULLINS STORAGE BUILDING	5602 MAPLE ST		480	1995		JOISTED MASONRY			
395	SEARS PARK PICNIC SHELTER (2)	2320 - 2336 AMBLER AVE		144	2011		NONCOMBUSTIBLE			
396	SEARS PARK EQUIPMENT BUILDING	2320 - 2336 AMBLER AVE		336	1995		MASONRY			
397	SEARS PARK FARM LEAGUE CONCESSION/PRESSBOX	2320 - 2336 AMBLER AVE		800	2011		MASONRY			
398	PICNIC SHELTER AT SAFETY CITY	2601 S 7TH ST		900	2010		NONCOMBUSTIBLE			
402	500K GALLON ELEVATED WATER TANK	8223 BUFFALO GAP RD		500,000 GALLON	2004					
403	PARTS STORAGE BUILDING	701 E HWY 80		768	1975		NONCOMBUSTIBLE			
404	SEWER MAINTENANCE BUILDING	701 E HWY 80		2850	1990		NONCOMBUSTIBLE			
405	TRAFFIC ENGINEERING VEHICLE SHED	774 SANDY ST		6000	2000		NONCOMBUSTIBLE			
406	LOCKER/STORAGE/TOOL ROOM	149 GANN ST		6720	1975		NONCOMBUSTIBLE			
407	PEIMETER FENCING AROUND SANDY YARD	782 SANDY ST		5440			CHAIN LINK FENCE			
408	STREET SERVICES STORAGE BUILDING	149 GANN ST		600	1980		NONCOMBUSTIBLE			
409	STREETS OPEN FRONT SHED	149 GANN ST		1496	1970		NONCOMBUSTIBLE			
410	STREETS STORAGE (FORMER STORMWATER)	BEHIND 149 GANN		3400	1975		NONCOMBUSTIBLE			
413	REYES FLORES PARK PAVILION	700 BOIS D ARC		576	2003		NONCOMBUSTIBLE			
414	MAXWELL GOLF COURSE CHEMICAL STORAGE	1002 S 32ND ST		192	1990		FRAME			
415	FIRE ACADEMY STORAGE SHELTER	4242 E LAKE RD		578	1975		NONCOMBUSTIBLE			
416	FIRE ACADEMY STORAGE BUILDING	4242 E LAKE RD		288	2012		FRAME			
417	FIRE STATION #6 RESCUE TRAILER SHELTER	1482 S DANVILLE		588	2012		NONCOMBUSTIBLE			
418	MAXWELL GOLF COURSE FUEL TANK	1002 S 32ND ST		1,000 GALLONS						
419	CONTAINER MAINTENANCE BAY AND PAINT BOOTH	102 S 3RD ST		5000	2014		METAL			
420	CONTAINER MAINTENANCE COMPRESSOR BUILDING	102 S 3RD ST		480	2008		METAL			
421	CONTAINER MAINTENANCE STORAGE BUILDING	102 S 3RD ST		960						
422	CONTAINER MAINTENANCE FORMER OFFICE	102 S 3RD ST								
423	CONTAINER MAINTENANCE WASH RACK	102 S 3RD ST		2400	2005		METAL			
424	CONTAINER MAINTENANCE POLY REPAIR BUILDING	102 S 3RD ST		288	2003					
425	CONTAINER MAINTENANCE WELDING SHOP	102 S 3RD ST		2400	2003		METAL			

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
426	SEABEE PARK PAVILION	FM 600 AT FT PHANTOM LAKE		816	2010					
427	SEABEE PARK RESTROOM	FM 600 AT FT PHANTOM LAKE			2010					
428	SEABEE SHADE AWNING AT MODEL AIRPLANE RUNWAY	FM 600 AT FT PHANTOM LAKE								
429	JOHNSON PARK EAST PAVILION	FT PHANTOM DAM		816	2010		METAL			
430	JOHNSON PARK WEST PAVILION	FT PHANTOM DAM		816	2010		METAL			
431	JOHNSON PARK PICNIC SHELTERS (7)	FT PHANTOM DAM			2010		METAL			
432	SEABEE PARK OBSERVATION DECK	FT PHANTOM DAM			2010					
433	JOHNSON PARK PLAYGROUND	FT PHANTOM DAM			2010					
434	JOHNSON PARK RESTROOM	FT PHANTOM DAM			2010					
435	JOHNSON PARK SAND VOLLEYBALL COURT	FT PHANTOM DAM								
436	FORMER ENVIRONMENTAL HEALTH BLDG - STORAGE	1949 SANTOS			1977		STEEL	METAL		
437	REDBUD PLAYGROUND	S 32ND & BARROW			2014					
438	SEARS PARK PLAYGROUND	2320-2336 AMBLER AVE			2014					
441	MERCY HEALTH CARE CENTER (FORMER BOYS AND GIRLS CLUB) W/FLAGPOLE	1902 SHELTON		11214	1970		MASONRY NONCOMBUSTIBLE			
442	HAMBY WASTEWATER ADVANCE TREATMENT (AT) BUILDING - OZONE & BAC FILTERS	19000 CR 309		18674	2014		CONCRETE	METAL CANOPY		
443	HAMBY WASTEWATER MEMBRANE BIOREACTOR (MBR) BUILDING FOR MICRO FILTRATION	19000 CR 309		10798	2014		CONCRETE	METAL CANOPY		
444	HAMBY WASTEWATER REVERSE OSMOSIS (RO) BUILDING FOR MICRO FILTRATION	19000 CR 309		17464	2014		CONCRETE	METAL		
445	HAMBY WASTEWATER PRETREATMENT STRUCTURE (PT) FOR GRIT REMOVAL & SCREENING	19000 CR 309		5760	2014		CONCRETE			
446	HAMBY WASTEWATER CHEMICAL STORAGE STRUCTURE	19000 CR 309		3220	2014		CONCRETE	METAL CANOPY		
447	SCARBOROUGH PARK SPLASH PAD	1128 CORSICANA AVENUE		3000	2016					
448	SCARBOROUGH SPLASH PAD RESTROOM	1128 CORSICANA AVENUE		240	2016		CONCRETE	METAL		
449	STEVENSON PARK SPLASH PAD	541 EN 7TH		3000	2016					
450	STEVENSON PARK SPLASH PAD RESTROOM	541 EN 7TH		240	2016		CONCRETE	METAL		
451	STEVENSON PARK PLAYGROUND	541 EN 7TH		N/A	2016					
452	SCARBOROUGH PARK SPLASH PAD EQUIPMENT BUILDING	1128 CORSICANA AVENUE		100	2016		STEEL ENCLOSURE			
453	SCARBOROUGH PARK SPLASH PAD BENCHES AND SHADE COVERINGS	1128 CORSICANA AVENUE		N/A	2016					

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
454	STEVENSON PARK SPLASH PAD EQUIPMENT BUILDING	541 EN 7TH		100	2016		STEEL			
455	STEVENSON SPLASH PAD BENCHES AND SHADE COVERING	541 EN 7TH		N/A	2016					
456	SOUTH BRANCH LIBRARY (BLDG LEASED BY CITY)	4310 BUFFALO GAP RD (MALL OF ABILENE)		20000						
457	BIRD BARN AT CARIBBEAN COVE EXHIBIT	2070 ZOO LANE		144	2012		T1-11 SIDING	METAL		
458	WALK IN FREEZER	2070 ZOO LANE		384	2016		FIBERGLASS	FIBERGLASS		
459	MONKEY BARN AT CARIBBEAN COVE EXHIBIT	2070 ZOO LANE		220	2013		T1-11 SIDING	METAL		
460	GIRAFFE EXHIBIT	2070 ZOO LANE		6949	2016		CEDAR/METAL	CEDAR/METAL		
461	ADVENTURE COVE LEISURE POOL	2742 S 9TH			2017					
462	LAW ENFORCEMENT CENTER, MUNICIPAL COURT, WATER OFFICE, CAC, WINN DIXIE	4565, 4575, 4595, 4567 S 1st		180,000	1999		CMU			
463	ABILENE FIRE FLEET FACILITY (AFFF)	1805 NAVAJO CIRCLE		13724	2017		PRE FAB METAL BLDG	METAL	SPRINKLERED	
464	CHLORINE DIOXIDE FACILITY	6902 CHEROKEE CIRCLE		196						
465	DYESS REUSE PUMP STATION	510C LOOP 322		624						
466	NE TREATMENT PLANT BACKWASH TANK	4210 E LAKE RD			1969		STEEL			
467	NE TREATMENT PLANT PERMANGANATE BLDG	4210 E LAKE RD		56	2016		PLASTIC			
469	NE TREATMENT PLANT 5.0 MG CLEARWELL WEST	4210 E LAKE RD			1998		CONCRETE			
470	GRIMES TREATMENT PLANT 5.0 MG CLEARWELL	209 E HWY 80			1955		STEEL			
471	GRIMES PLANT PERMANGANATE BLDG	209 E HWY 80		56	2016		PLASTIC			
472	SSWTP DECANT BASIN BLDG WEST	1594 HWY 83/84, TUSCOLA		88	2003		FIBERGLASS			
473	SSWTP DECANT BASIN BLDG EAST	1594 HWY 83/84, TUSCOLA		124	2016		CONCRETE			
474	SSWTP PERMANGANATE BLDG	1594 HWY 83/84, TUSCOLA		128	2016		FIBERGLASS			
475	FIVE POINTS ELEVATED STORAGE TANK	1142 FULWILER RD		300,000 GALS						
476	HAMBY BNR MCC BLDG	19000 CR 309		494	2015		CONCRETE			
477	HAMBY MAINTENANCE SHOP	19000 CR 309		1800			METAL			
478	HAMBY 001 POST AERATION MCC BLDG	19000 CR 309		168	1994		FIBERGLASS			
479	HAMBY 001 POST AERATION BLDG	19000 CR 309		144	1994		FIBERGLASS			
480	HAMBY LIME BLDG AND SILO	19000 CR 309		1500	1995		METAL			
481	HAMBY HYDRO TANK COMPRESSOR BLDG	19000 CR 309		48	1994		FIBERGLASS			
482	HAMBY AERATION DRAIN PUMP STATION	19000 CR 309		210	1989		CONCRETE			
483	HAMBY 001/002 CHLORINE CONTACT CHAMBER	19000 CR 309		6840	1981		CONCRETE			
484	BUCK CREEK ODOR CONTROL BLDG	.5 MILES N/W OF NE WATER TRMT PLANT		192	1989		FIBERGLASS			

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
485	BUCK CREEK UTILITY SHED	.5 MILES N/W OF NE WATER TRMT PLANT		64	1988		WOOD	COMPOSITE SHINGLES		
486	BUCK CREEK CARPORT AND MOWER SHED	.5 MILES N/W OF NE WATER TRMT PLANT		525	2005		METAL			
487	BUCK CREEK VA CEMETERY IRRIGATION PUMP STATION BLDG	.5 MILES N/W OF NE WATER TRMT PLANT		144	2011		FIBERGLASS			
488	BUCK CREEK SCREW PUMP STATION	.5 MILES N/W OF NE WATER TRMT PLANT		1560	1988		CONCRETE			
489	BUCK CREEK PRETREATMENT STATION	.5 MILES N/W OF NE WATER TRMT PLANT		480			CONCRETE W/ METAL COVER			
490	PRISON LIFT STATION	17764 CR 311		3600	1990		CONCRETE W/METAL COVER			
491	FIRE STATION #4	3750 GRAPE ST		8597	2017		NON COMBUSTIBLE	TPO ROOF SYSTEM	SPRINKLERED	No
492	FIRE STATION #7	431 N PIONEER		8642	2018		NON-COMBUSTIBLE	TPO ROOF SYSTEM		No
493	FIRE STATION #3	1625 VINE ST		8642	2018		NON COMBUSTIBLE	TPO ROOF SYSTEM		
494	ADVENTURE COVE MAIN BLDG	2742 S 9TH		2070	2017					
495	ADVENTURE COVE MECHANICAL BLDG	2742 S 9TH		1743	2017					
496	ADVENTURE COVE PAVILION	2742 S 9TH			2017					
497	ADVENTURE COVE LARGE SHADE STRUCTURE	2742 S 9TH			2017					
498	ADVENTURE COVE SMALL SHADE SHELTERS (7)	2742 S 9TH			2017					
499	ADVENTURE COVE LIGHTS (11)	2742 S 9TH			2017					
500	ADVENTURE COVE LAZY RIVER W/ 2 SLIDES	2742 S 9TH			2017					
501	REDBUD SPLASH PAD	S 32ND AND BARROW		N/A	2018					
502	REDBUD SPLASH PAD PUMP SHELTER	S 32ND AND BARROW		225	2018			METAL		
503	REDBUD SPLASH PAD RESTROOM	S 32ND AND BARROW		174	2018			METAL		
504	REDBUD SPLASH PAD BENCHES AND SHADE COVERINGS	S 32ND AND BARROW		N/A	2018					
505	SEARS PARK SPLASH PAD	2250 AMBLER AVE		N/A	2018					
506	SEARS PARK SPLASH PAD PUMP SHELTER	2250 AMBLER AVE		225	2018			METAL		
507	SEARS SPLASH PAD SHADE COVERING AND BENCHES	2250 AMBLER AVE		N/A	2018					
512	MAINTENANCE FACILITY	2070 ZOO LANE		6400	2018					
513	ZOO VET HOSPITAL	2070 ZOO LANE		2240	2018					
514	BIRD REHAB FACILITY	2070 ZOO LANE		575	2018					
515	LESSOR FLAMINGO HOLDING	2070 ZOO LANE		400	2018					
516	GIANT ANTEATER HOLDING	2070 ZOO LANE		450	2018					
517	ZOO QUARANTINE BUILDING	2070 ZOO LANE		1862	2013					
518	ZOO WETLANDS DECK	2070 ZOO LANE		25 x 24						
519	ELMDALE PUMP STATION	1825 SANDY ST		1250						
520	ELMDALE GROUND STORAGE TANK	1825 SANDY ST		.5 MIL GALLONS						
521	NELSON PARK UTILITIES/STORAGE	1750 ZOO LANE		192	1975		CINDER BLOCK	BUILT UP	WALL MOUNT EXTINGUISHER	NO

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
522	NELSON PARK BALLFIELD UTILITIES/STORAGE/SCOREKEEPERS BOOTH	1750 ZOO LANE		140	1984		CINDER BLOCK FRAME	BUILT UP	WALL MOUNT EXTINGUISHER	NO
525	VEHICLE IMPOUND LOT OFFICE	2349 SANDY ST		400						
526	SEARS PARK SENIOR BASEBALL RESTROOM/CONCESSION BUILDING	2381 LITTLE LEAGUE RD		1155	2014		JOISTED MASONRY	SHINGLE	NO	NO
527	SCARBOROUGH CONCESSION/RESTROOM	1326 CORSICANA		780	2017		JOISTED MASONRY	SHINGLE	NO	YES
530	SLIDE 3 AT ADVENTURE COVE	2742 S 9TH		N/A	2021					
532	Lemar Holding	2070 ZOO LANE		205	2021					
533	Fossa Holding	2070 ZOO LANE		590	2021					
534	Fire Training Facility	4242 E Lake Rd		10200	2022		Fire Resistive	Single Ply Membrane	Sprinklered	No
535	PK Raw Water Roughing Facility	Elliott Street, Breckenridge, TX		27000	2017		Semi Fire Resistive		No	No
536	ARFF Station	2794 E Industrial Blvd		11462	2022		Non-Combustible	Single Ply Membrane	Sprinklered	No
537	SSWTP Sedimentation Basin/Transfer Pump	1594 Highway 83/84		12000	2018		Fire Resistive		No	No
538	SSWTP Sludge Dewatering Facility	1594 Highway 83/84		3698	2018		Non-Combustible		No	No
539	Animal Shelter Shed 1	925 S 25TH ST		96						
540	Animal Shelter Shed 2	925 S 25TH ST		150						
541	Environmental Services Shed at the Shelter	925 S 25TH ST		88						
542	Animal Shelter Cooler	925 S 25TH ST		60						
543	Animal Shelter Carport 1	925 S 25TH ST		624						
544	Animal Crematorium 1	925 S 25th St		N/A						
545	Animal Crematorium 2	925 S 25th St		N/A						
546	Stormwater Shed at Burn Pit	Behind 3265 N Judge Ely		1600						
547	Fire Station 4 Storage Building	3750 Grape Street		240						
548	Fire Station 7 Storage Building	431 N Pioneer		240						
549	Fire Station 3 Storage Building	1625 Vine		240						
550	Fire Station 2 Storage Building	901 ES 27th		240						
551	Fire Station 6 Storage Building	1482 S Danville		240						
552	Fire Station 8 Storage Building	5680 Buffalo Gap Road		240						
553	FIRE TRAINING SHIPPING CONTAINER #1	4242 E Lake Rd		1400						
554	FIRE TRAINING SHIPPING CONTAINER #2	4242 E Lake Rd		1400						
555	FIRE TRAINING SHIPPING CONTAINER #3	4242 E Lake Rd		1400						
556	APD System Core	4565 S 1st		N/A						
557	LAKE KIRBY PARK PLAYGROUND	5650 MAPLE ST		N/A						
558	WILSON PARK PLAYGROUND	1782 SAN JACINTO DR		N/A						
559	REYES FLORES PARK PLAYGROUND	633 BOIS D'ARC ST		N/A						
560	VAUGHN-CAMP PARK PLAYGROUND	4709 ROBERTSON		N/A						
561	ROSE PARK PLAYGROUND	2601 S 7TH		N/A						
562	WILL HAIR PARK PLAYGROUND	100-349 E AMBLER		N/A						
563	COBB PARK PLAYGROUND	911 FORREST AVE		N/A						

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
564	NELSON PARK PLAYGROUND	1750 ZOO LANE		N/A						
565	FESTIVAL GARDENS PLAYGROUND AT NELSON PARK	1750 ZOO LANE		N/A						
566	FORT IMAGINATION AT NELSON PARK	1750 ZOO LANE		N/A						
567	VALENTINE PARK PLAYGROUND	1317 N PIONEER		N/A						
568	SCARBOROUGH PARK PLAYGROUND	5402 HARTFORD		N/A						
569	CARVER PARK PLAYGROUND	541 N 8TH		N/A						
570	GILL PARK PLAYGROUND	S 12TH AND WILLIS		N/A						
571	FANNIN PARK PLAYGROUND	1902 SHELTON		N/A						
572	MLK BALLFIELD CONCESSIONS	534 Booket T Washington		750						
573	POP-WARNER FOOTBALL LIGHTED FIELD	S 9TH AND BARROW		N/A						
574	ROSE PARK BASEBALL LIGHTED FIELD T-BONE	S 7TH AND BARROW		N/A						
575	ROSE PARK BASEBALL LIGHTED FIELD BIG LEAGUE	S 7TH AND BARROW		N/A						
576	SCARBOROUGH PARK LIGHTED BALLFIELDS (2)	1326 CONSIGNA		N/A						
577	SCARBOROUGH PARK LIGHTED BALLFIELD ON HARTFORD	5402 HARTFORD		N/A						
578	JACKSON PARK DIXIE LIGHTED BALLFIELDS (2)	EDGEMONT & MARSHALL		N/A						
579	JACKSON PARK DIXIE BLEACHER AWNINGS (4)	EDGEMONT & MARSHALL		N/A						
580	SEARS PARK SR LEAGUE LIGHTED BALLFIELD	2320 - 2336 AMBLER AVE		N/A						
581	SEARS LITTLE LEAGUE BLEACHER AWNINGS (4)	2320 - 2336 AMBLER AVE		N/A						
582	SEARS LITTLE LEAGUE LIGHTED BALLFIELD	2320 - 2336 AMBLER AVE		N/A						
583	SEARS LITTLE LEAGUE NON- LIGHTED BALLFIELD	2320 - 2336 AMBLER AVE		N/A						
584	NELSON PARK LIGHTED BALLFIELDS (5)	1750 ZOO LANE		N/A						
585	NELSON PARK BLEACHER AWNINGS (9)	1750 ZOO LANE		N/A						
585	COBB PARK LIGHTED BALLFIELD	2302 STATE		N/A						
586	LAKE KIRBY LIGHTED BASEBALL BALLFIELDS (4)	5650 MAPLE ST		N/A						
587	LAKE KIRBY SOFTBALL LIGHTED BALLFIELDS (4)	5650 MAPLE ST		N/A						
589	MLK BALLFIELDS	501 GOODLOW		N/A						
590	CAL YOUNG BLEACHER AWNINGS (2)	950 T&P		N/A						
591	CAL YOUNG BLEACHER LIGHTED FIELD	950 T&P		N/A						

TML_ID	Description	Address	Value needed	Square Footage	Date Built	Date Remodeled	Type	Roof	Fire Devices	Flood Zone
592	CAL YOUNG BLEACHER NON-LIGHTED FIELD	950 T&P		N/A						
593	REDBUD LIGHTED BALLFIELDS (7)	3125 S 32ND		N/A						
594	REDBUD BLEACHER AWNINGS (10)	3125 S 32ND		N/A						
595	WILL HAIR LITTLE LEAGUE BLEACHER AWNINGS (2)	101 AMBLER		N/A						
596	WILL HAIR SOFTBALL BLEACHER AWNINGS (6)	101 AMBLER		N/A						
597	WILL HAIR SOFTBALL LIGHTED FIELDS (3)	101 AMBLER		N/A						
598	WILL HAIR BASEBALL LIGHTED FIELD	101 AMBLER		N/A						
599	WILL HAIR BASEBALL NON-LIGHTED FIELD	101 AMBLER		N/A						
600	NATURE PARK	KIRBY LAKE		N/A						
601	MINTER PARK	209 Cypress		N/A						
602	EVERMAN PARK	1101 N 1st		N/A						
603	DOCK 1 AT LAKE KIRBY	KIRBY LAKE		N/A						
604	DOCK 2 AT LAKE KIRBY	KIRBY LAKE		N/A						
605	DOCK 1 AT FT PHANTOM LAKE	Ft Phantom Lake		N/A						
606	DOCK 2 AT FT PHANTOM LAKE	Ft Phantom Lake		N/A						
TBD	VALENTINE PARK RESTROOM	1317 PIONEER		288	2003		Masonry		No	
TBD	Wilson Park Restroom	1782 SAN JACINTO DR		136	2013		Masonry		No	
TBD	Jackson Park Storage Bldg	EDGEMONT & MARSHALL		544	2002		Metal	Metal	No	
TBD	ROSE PARK LIGHTED TENNIS COURTS -15	810 PORTLAND	750,000		1959					
TBD	SEARS PEDESTRIAN BRIDGE OVER CATCLAW CREEK	2250 AMBLER	250,000		1994					
TBD	STEVENSON LIGHTED BASKETBALL COURTS	441 EN 7TH	60,000		2022					
TBD	CARVER LIGHTED BASKETBALL COURT	541 N 8TH	50,000		Prior to 1990					
TBD	ELM CREEK PEDESTRIAN BRIDGE	ELM CREEK & WINTERS FREEWAY	250,000		2018					
TBD	NELSON PARK PEDESTRIAN BRIDGE	1750 ZOO LANE	75,000		1990					

PROPERTY APPRAISAL SERVICES - CBIZ

April 27, 2023





Background

- Currently, the City has over 500 assets (properties and contents) that the 3-member Risk Management team manages and facilitates annual valuations.
- The City's assets are estimated at a value of \$600M.
- We are looking to partner with an experienced vendor certified in providing accurate valuation for all City assets.





Selection Process

- Notices were published for RFP CB-2300 on September 26, 2022
- Two companies responded
- The rating evaluation criteria consisted of:
 - Quality of Proposal and Understanding of the Requirements - 10%
 - General Qualifications - 10%
 - Similar Project Experience - 10%
 - Staffing and Project Organization - 20%
 - Work Plan/Technical Approach - 30%
 - Cost Schedule - 20%





Rating the Vendors

Criteria	Maximum Points	KROLL	CBIZ
• Quality of Proposal and Understanding of the Requirements	10	7.4	8
• General Qualifications	10	9.2	9.6
• Similar Project Experience	10	8.8	9.6
• Staffing and Project Organization	20	14.2	18.4
• Work Plan/Technical Approach	30	20.6	25.8
• Cost Schedule	20	14.8	18.4
Total	100	75	89.8





Why CBIZ?

- CBIZ Valuation Services includes high value datasets and reporting analytics, which will give Risk Management more than square footage information.
 - Latitude/Longitude
 - Digital Photographs
 - Building Construction Class (ISO)
 - Roofing Materials, Pitch and Frame Type
 - Number of Stories, Elevators
 - Additions/Renovations
 - More Information: fixed equipment, pumps, motors





Performance Measuring and Technical Approach

Performance Measurement

- One-time onsite appraisal services of all City buildings and contents
- Accurate statement of insurables with pricing for up to 5 years with 2 optional one-year renewals to update trending values, cost increases, depreciation and inflation
- Upon request, future onsite appraisal work for new construction, renovation or acquisitions
- Establishing a modeling approach for content valuation and replacement cost of machinery, equipment, office furniture and computer systems

Work Plan / Technical Approach

- Assigned Team Lead and Project Manager
- CBIZ will provide a Logistics Coordinator to plan and schedule inspections

Web-Based Management Tool

- Bi-weekly status update reports
- Real-time web-based reporting system
- Secure access to all valuation and underwriting data





CBIZ Client History

- Worked with over 80,000 clients throughout their 100 offices
- More than 50 years of property appraisal service experience
- Similar Texas Projects with the cities of Houston, Williamson County, Panola County, Harris County, League City, and Pasadena





Recommendation

We recommend accepting:

- One-time onsite appraisal contract for 2023 through 2027
- To include the 2 optional one-year renewals for years 2028 and 2029





Questions?





**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Robert Hanna, City Manager

FROM: Lesli Andrews, Director

SUBJECT: 5. Resolution: Receive a Report, Hold a Discussion and Take Action on Authorizing the City Manager to Enter Into a Contract with Extreme Exteriors, LLC for the Installation of a Splash Pad at Valentine Park (*Lesli Andrews*)

GENERAL INFORMATION

City staff conducted a community meeting in July of 2021 for input on improvements at Coach James Valentine Park also known as Valentine Park.

The City Council approved the addition of a splash pad in Coach James Valentine Park during the FY22 Minor Improvement Project budget. This will be the City's sixth splash pad and will serve many children in the northeast section of Abilene. The other splash pads are located at Nelson Park, Sears Park, Redbud Park, Stevenson Park, and Scarborough Park. The Coach James Valentine Park splash pad will be similar to the Stevenson and Scarborough splash pads.

In the past, Vortex has also installed splash pads. Vortex no longer installs splash pads. Jacob Martin has assisted the City with other splash pads located in Nelson, Sears, Scarborough, Stevenson, and Redbud Parks. Jacob and Martin was hired to design and oversee the splash pad development and construction. The installation bid was opened on April 10, 2023 at 2:00pm. There was only one bidder, Extreme Exteriors, LLC.

SPECIAL CONSIDERATIONS

FUNDING/FISCAL IMPACT

Funding for the splash pad installation will come from the Minor Improvement Fund approved as part of the FY22 budget.

STAFF RECOMMENDATION

Staff recommends authorizing the City Manager to enter into a contract with Extreme Exteriors, LLC for the installation of the splash pad at Valentine Park.

BOARD OR COMMISSION RECOMMENDATION

ATTACHMENTS:

1. Resolution Improvements to Valentine Park
2. 4_18_2023 COA Valentine Park Splash Pad_Contract
3. Bid Summary Sheet Valetine Park Splash Pad
4. Presentation Resolution Construction Contract Splash Pad Valentine Park

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS
AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH EXTREME
EXTERIORS, LLC FOR THE CONSTRUCTION AND INSTALLATION OF SPLASH PAD AT
VALENTINE PARK**

WHEREAS, the City of Abilene would like to use the services of Extreme Exteriors, LLC;
and

WHEREAS, the City Council approved funding for the splash pad in Valentine Park
during the 2021-2022 budget process; and

WHEREAS, the construction and installation services need to be completed for the splash
pad; and

WHEREAS, the City seeks to contract with Extreme Exteriors, LLC for construction and
installation of the new splash pad for Valentine Park; and

WHEREAS, Extreme Exteriors, LLC will receive compensation in the amount of
\$267,990.71:

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

Part 1: The City Manager is hereby authorized to enter into a contract with Extreme Exteriors,
LLC for construction and installation for the new splash pad for Valentine Park in the amount of
\$267,990.71.

Part 2: That this Resolution shall take effect immediately from and after passage.

ADOPTED this _____ day of _____ 2023.

ATTEST:

Shawna Atkinson, City Secretary

Anthony Williams, Mayor

APPROVED:

Stanley Smith, City Attorney

CONSTRUCTION CONTRACT

BACKGROUND

THIS CONTRACT, made on the ____ day of _____, 20____, is between the City of Abilene, a Municipal Corporation of Taylor and Jones Counties, Texas ("City"), and Extreme Exteriors, LLC of the City of Abilene, State of Texas. ("Contractor")

The City recognizes a need for high quality construction work; the Contractor agrees to complete the project in return for payment.

THE AGREEMENT

1. Work and Consideration. The Contractor hereby agrees to commence and complete the construction of Work required in the Contract Documents – incorporated herein by reference – **Valentine Park Splash Pad**.

All work to be performed will be completed in conformance with (1) Part I of the City of Abilene's Standard Specifications for Construction adopted September, 2006 with the attached amendments in these Contract Documents, and (2) the Technical Specifications and Plans attached to these Contract Documents. Technical Specifications and Plans attached to these Contract Documents control in the event of a conflict.

In consideration of this Work, the City will pay the Contractor the sum of \$ 267,990.71.

2. Timely Work. The Contractor must begin and fully complete Work in the days stated in the Notice to Proceed. The time allows for normal delays associated with weather conditions, crew coordination, etc. Time is of the essence, and liquidated damages as set forth in the General Conditions (Paragraph 16) apply for late Work.

3. Payment. If Performance and Payment Bonds are required, the City will pay Contractor according to the General Conditions (Paragraph 20). If Performance and Payment Bonds are not required, the City will pay Contractor according to the Instructions to Bidders.

4. No liens. No mechanic, contractor, subcontractor, supplier, or other person can or will contract for, or in any other manner have or acquire any lien upon the work of this Contract, or the land upon which it is situated. The laws of the State of Texas govern this Contract.

5. Venue. Venue for any legal proceeding is Taylor County, Texas.

6. Indemnity.

A. Definitions

For the purpose of this section the following definitions apply:

"City" shall mean all officers, agents and employees of the City of Abilene.

“Claims” shall mean all claims, liens, suits, demands, accusations, allegations, assertions, complaints, petitions, proceedings and causes of action of every kind and description brought for damages.

“Contractor” includes the corporation, company, partnership, or other entity, its owners, officers, and/or partners, and their agents, successors, and assigns.

“Contractor’s employees” shall mean any employees, officers, agents, subcontractors, licensee and invitees of Contractor.

“Damages” shall mean each and every injury, wound, hurt, harm, fee, damage, cost, expense, outlay, expenditure or loss of any and every nature, including but not limited to:

- (i) injury or damage to any property or right
- (ii) injury, damage, or death to any person or entity
- (iii) attorney’s fees, witness fees, expert witness fees and expenses, and
- (iv) all other costs and expenses of litigation

“Premise Defects” shall mean any defect, real or alleged, which now exists or which may hereafter arise upon the premises.

“Proven” shall mean that a court of competent jurisdiction has entered a final unappealable judgment on a claim adjudging an entity or person liable for a monetary judgment.

“Sole negligence” shall mean negligence of a party that is unmixed with the fault of any other person or entity.

B. Indemnity

The Contractor must indemnify, hold harmless, and defend the City from and against liability for any claims arising out of the Contractor's work and activities conducted in connection with this Contract.

The Contractor is an independent contractor and is not, with respect to its acts or omissions, an agent or employee of the City.

Contractor must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of Contractor’s employees while in the vicinity where the work is being done. The City is not liable or responsible for the negligence or intentional acts or omissions of the Contractor or Contractor’s employees.

The City assumes no responsibility or liability for damages which are directly or indirectly attributable to premise defects. Responsibility for all such defects is expressly assumed by the Contractor.

The City and Contractor must provide the other prompt and timely notice of any covered event which in any way affects or might affect the Contractor or City. The City has the right to compromise and defend the same to the extent of its own interests.

BOTH CITY AND CONTRACTOR EXPRESSLY INTEND THIS CONTRACT'S INDEMNITY PROVISION TO REQUIRE CONTRACTOR TO INDEMNIFY AND PROTECT THE CITY FROM THE CONSEQUENCES OF THE CITY'S OWN NEGLIGENCE WHILE CITY IS PARTICIPATING IN THIS CONTRACT, WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE OF THE DAMAGES. THIS CONTRACT'S INDEMNITY PROVISION DOES NOT APPLY TO ANY CLAIM WHERE DAMAGE IS PROVEN TO RESULT FROM THE SOLE NEGLIGENCE OF THE CITY.

7. Insurance. The Special Conditions found in the City of Abilene's Standard Specifications for Construction adopted September, 2006, Part I, Division I, Item 3, contain the insurance requirements of this Contract.

8. Overcharges. The Contractor assigns to City any claims for overcharges related to this Contract which arise under antitrust laws of the United States, 15 U.S.C.A. Sec. 1 et seq, as amended.

9. Contract Interpretation. Any dispute about the Contract's meaning or application will be interpreted fairly and reasonably, and neither more strongly for or against either party.

10. Indebtedness to City. Contractor agrees that no payments owed by him of any nature whatsoever to the City, including payment in advance for service charges or any sums of any character whatsoever, shall become delinquent or in arrears.

The City will not knowingly award contracts for goods or services to any Bidder in arrears to the City for any debt, claim, demand, or account whatsoever, including taxes, penalty or interest. Contractor is responsible for ensuring that no indebtedness exists.

Section 130 of the City Charter authorizes the City to counterclaim and offset any debt, claim, demand or account owed by the City to any person, firm or corporation in arrears to the City for any debt, claim, demand or account of any nature whatsoever, including taxes, penalty or interest.

11. Boycott of Israel. In accordance with Chapter 2270, Texas Government Code, a governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract.

This section only applies to a contract that: (a) is between a governmental entity and a company with 10 or more full-time employees, and (b) has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the governmental entity. Additionally, "company" does not include a sole proprietorship.

If this section is applicable, the signatory executing this contract on behalf of company verifies that the company does not boycott Israel and will not boycott Israel during the term of this contract.

12. Contract Execution. The Contractor must sign the Contract first, with any necessary attestation and seal. The City Attorney or designee must review the Contract, and approve or disapprove it. If approved, the City's authorized agent will then sign. The City Secretary must keep a signed original in the City Secretary's Office.

13. Contract Copies. Each of the executed copies is an original.

IN WITNESS HERE OF, the parties hereto have executed this contract:

CONTRACTOR

Name of Contractor:

Business Address: 1800 Industrial Blvd

Extreme Exteriors, LLC

Abilene, TX 79602


Signature

Business Phone No. 325-698-2410

Federal Tax I.D. # 20-8431666

Name – Typed or Printed

ATTEST: (If Corporation)

Brandon Beale

Title – Typed or Printed

Design/Sales

Corporate Seal
(If none, write "None")

CITY OF ABILENE

Robert Hanna, City Manager

ATTEST:

APPROVED:

City Secretary

City Attorney

Seal

BID SUMMARY SHEET
TAL FILLINGIM, P.E.
CITY OF ABILENE - VALENTINE PARK SPLASH PAD
JM PROJECT #21641
BID DATE: April 10, 2023 AT 2:00 PM
ENGINEER: JACOB & MARTIN, LLC

	CONTRACTOR	TOTAL BASE BID (ITEMS 1-12)	PROPOSED NUMBER OF DAYS FOR COMPLETION
1	Don Faulkner Construction	\$	\$
2	Shay Enterprise	\$	\$
3	ADTM Engineering	\$	\$
4	OPREX Construction	\$	\$
5	Greater Houston Pool Management Inc.	\$	\$
6	Extreme Exteriors	\$ 267,990.71	\$ 90

Resolution: Construction Contract for Splash Pad Valentine Park

April 27, 2023





General Information:

- Extreme Exteriors has former experience constructing recreation and specialty projects that qualifies them for the project
- Cost \$267,990.71
- Funding from FY22 Budget





**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Robert Hanna, City Manager

FROM: Michael Rice, Assistant City Manager

SUBJECT: **6. Resolution: Receive a Report, Hold a Discussion and Take Action on Authorizing the City Manger to enter into a contract with Kreative Core Tech for project management, functional configuration assistance and technical support services to support the City's Tyler Munis Enterprise Resource Planning (ERP) implementation (Michael Rice)**

GENERAL INFORMATION

Kreative Core Tech provided an evaluation of the financial implementation of Tyler Munis and identified areas to provide 3rd party support to City staff for a successful implementation. This agreement will allow Kreative Core Tech to provide project management, functional configuration assistance, technical services support to staff pertaining to the financial implementation of the Tyler Munis system. The proposed scope of work will be billed, as needed, at an hourly rate of \$150.00- 160.00, plus travel cost with a total amount not to exceed \$389,592.00.

SPECIAL CONSIDERATIONS

FUNDING/FISCAL IMPACT

Funding for this contract will come from the MIP.

STAFF RECOMMENDATION

Approval

BOARD OR COMMISSION RECOMMENDATION

N/A

ATTACHMENTS:

1. RESOLUTION.Kreative Core Tech
2. Kreative Core Tech Prof Serv Contract
3. City of Abilene ERP Project SOWv1 (1)
4. Presentation - Kreative Core Tech Contract

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS
AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES
AGREEMENT WITH KREATIVE CORE TECH FOR THEIR TYLER MUNIS
IMPLEMENTATION SUPPORT EXPERTISE.**

WHEREAS, the City entered into an agreement with Tyler Munis in July, 2022 for the implementation of a fully integrated financial system that will go live fall 2024.

WHEREAS, the City sought out 3rd party Tyler Munis expert consulting firms to conduct an external evaluation of the financial implementation project and staff support required for a successful implementation.

WHEREAS, the City desires to enter into a professional services agreement contract with Kreative Core Tech for their project management, functional configuration assistance, technical services support pertaining to the financial implementation of the Tyler Munis system.

WHEREAS, the proposed scope of work will be billed, as needed, at an hourly rate of \$150.00- 160.00, plus travel cost with a total amount not to exceed \$389,592.00.

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

Part 1: The City Manager is authorized to execute a Professional Services contract with Kreative Core Tech.

Part 2. That this Resolution takes effect immediately upon its adoption.

ADOPTED this 27th day of April, 2023.

ATTEST:

Shawna Atkinson, City Secretary

Anthony Williams, Mayor

APPROVED:

Stanley Smith, City Attorney



PROFESSIONAL SERVICES CONTRACT (Not Architect or Engineer)

This contract, dated the 1st day of May, 2023, is between the City of Abilene, a home rule municipal corporation of the State of Texas (“City”), and Kreative Core Technologies (“Professional”).

The City is engaged in the Enterprise Resource Planning (ERP) Financials Implementation project and desires to engage the services of Professional, as an independent contractor and not as an employee, to assist in the project and to render his or her services on the terms and conditions provided in this Contract.

The Professional is a[n] qualified professional properly licensed or certified to practice in the State of Texas. Professional desires to render professional services as further described in Attachment A to the City on the terms and conditions provided in this Contract.

The Consultant must perform services with the professional skill and care ordinarily provided by competent professionals practicing in the same or similar locality and under the same or similar circumstances and professional license, and as expeditiously as is prudent considering the ordinary professional skill and care of a competent professional.

THEREFORE, the City engages the services of the Professional. In consideration of the mutual promises contained in this Contract, the parties agree as follows:

I. TERM

In consideration of the compensation stated in Paragraph II and further described in Attachment B., the Professional must provide all services as described in Attachment A, which is incorporated by reference for all purposes. The Professional must complete all services by December 31, 2023.

II. PAYMENT

For the services to be rendered under this Contract, the Professional will be entitled to a fee as described in Attachment B, which is incorporated by reference for all purposes.

III. ASSIGNMENT

The Professional may not assign in whole or in part any rights, duties, obligations or interest arising from this agreement without the City's prior written consent. In the event of an assignment by the Consultant to which the City has consented, the assignee or assignee's legal representative must agree in writing with the City to personally assume, perform, and be bound by all the provisions of this Contract. All of the terms and provisions of this Contract are binding on Contractor's successors and assigns and may be enforced by the City against such successors and assigns.

IV. STATUS OF PROFESSIONAL

The Professional is an Independent Contractor. Professional and Consultant's employees are not the agents, servants or employees of the City.

V. AMENDMENT OR MODIFICATION

This contract, including attachments, constitutes the entire agreement of the parties. Any statements, promises, or agreements made by either party or its agent, which are not contained in this contract are of no effect. This contract may not be amended or modified except by both parties' written consent. This Contract supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this Contract.

VI. OWNERSHIP OF DOCUMENTS AND MATERIALS

Ownership of Documents and Materials is according to Attachment C.

VII. NONDISCLOSURE

The Professional may not show to any person or entity any documents, reports, plans, programs, reports, drawings, or any other materials which Professional prepares or acquires in performing this contract, including any duplicate copies kept by Professional. The Professional may not disclose to any person or entity any information regarding the City's activities. The City may, however, specifically authorize a limited disclosure at its discretion.

VIII. INDEMNITY

A. Definitions

For the purpose of this section the following definitions apply:

"City" shall mean all officers, agents and employees of the City of Abilene.

“Claims” shall mean all claims, liens, suits, demands, accusations, allegations, assertions, complaints, petitions, proceedings and causes of action of every kind and description brought for damages.

“Damages” shall mean each and every injury, wound, hurt, harm, fee, damage, cost, expense, outlay, expenditure or loss of any and every nature, including but not limited to:

- (i) injury or damage to any property or right
- (ii) injury, damage, or death to any person or entity
- (iii) attorneys fees, witness fees, expert witness fees and expenses, and
- (iv) all other costs and expenses of litigation

“Premise Defects” shall mean any defect, real or alleged, which now exists or which may hereafter arise upon the premises.

“Professional” includes the corporation, company, partnership, or other entity, its owners, officers, and/or partners, and their agents, successors, and assigns.

“Professional’s employees” shall mean any employees, officers, agents, subcontractors, licensee and invitees of Professional.

“Proven” shall mean that a court of competent jurisdiction has entered a final unappealable judgment on a claim adjudging an entity or person liable for a monetary judgment.

“Sole negligence” shall mean negligence of a party that is unmixed with the fault of any other person or entity.

B. Indemnity

The Professional must indemnify, hold harmless, and defend the City from and against liability for any claims arising out of the Professional's work and activities conducted in connection with this Contract.

The Professional is an independent contractor and is not, with respect to its acts or omissions, an agent or employee of the City.

Professional must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of Professional’s employees while in the vicinity where the work is being done. The City is not liable or responsible for the negligence or intentional acts or omissions of the Professional or Professional’s employees.

The City assumes no responsibility or liability for damages which are directly or indirectly attributable to premise defects. Responsibility for all such defects is expressly assumed by the Professional.

The City and Professional must provide the other prompt and timely notice of any covered event which in any way affects or might affect the Professional or City. The City has the right to compromise and defend the same to the extent of its own interests.

BOTH CITY AND PROFESSIONAL EXPRESSLY INTEND THIS CONTRACT'S INDEMNITY PROVISION TO REQUIRE PROFESSIONAL TO INDEMNIFY AND PROTECT THE CITY FROM THE CONSEQUENCES OF THE CITY'S OWN NEGLIGENCE WHILE CITY IS PARTICIPATING IN THIS CONTRACT, WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE OF THE DAMAGES. THIS CONTRACT'S INDEMNITY PROVISION DOES NOT APPLY TO ANY CLAIM WHERE DAMAGE IS PROVEN TO RESULT FROM THE SOLE NEGLIGENCE OF THE CITY.

IX. INSURANCE

A. GENERAL REQUIREMENTS

The Professional agrees to maintain the type and amounts of insurance required in this contract throughout the term of the agreement. The Professional is solely responsible for providing the required certificates of insurance. The City may terminate this agreement if the Professional fails to timely comply with the insurance requirements.

The required insurance must be issued by a company or companies of sound and adequate financial responsibility and authorized to do business in the State of Texas. All policies are subject to examination and approval by the City for their adequacy as to content, form of protection, and providing company.

The required insurance naming the City as additional insured must be primary insurance and not contributing with any other insurance available to City, under any third party liability policy.

Before the City executes the notice to proceed with any work under this agreement, the Professional must provide the City Secretary with either an original certificate of insurance or a certified copy of the insurance policy evidencing the required insurance. Thereafter, the Professional must furnish new certificates or copies of the policy before the expiration date.

Texas Labor Code Section 406.096 requires a city to ensure that contractors carry workers' compensation for each employee when the city is a party to any "building or construction contract." The code enumerates that "building and construction" includes:

(A) erecting or preparing to erect a structure, including a building, bridge, roadway, public utility facility, or related appurtenance;

(B) remodeling, extending, repairing, or demolishing a structure; or

(C) otherwise improving real property or an appurtenance to real property through similar activities.

B. ADDITIONAL REQUIREMENTS

The required liability insurances and their certificates must:

1. Name the City as an additional insured with respect to operations for which this agreement is made.

2. Provide for 30 days advance written notice of cancellation or material change.

C. TYPES AND AMOUNTS OF INSURANCE

The types of insurance required in this contract are those indicated by initials. If no initials appear on any of items 1 through 6, items 1 through 4 shall be required.

<u>Type</u>	<u>Amount</u>
___1. Workers' Compensation Employer's Liability	Statutory \$100,000 per occurrence
___2. Commercial (Public) Liability including, but not limited to: • Premises/Operations • Independent Contractors • Products/Completed Operations • Contractual Liability (insuring above indemnity) and where the exposures exist • Explosion Collapse and Underground	\$500,000 combined single limit for bodily injury and property damage (per occurrence)
___3. Business Automobile Liability to include coverage for: • Owned/Leased Autos • Non-Owned Autos • Hired Cars	\$500,000 combined single limit for bodily injury and property damage (per occurrence)

- X 4. Professional Liability \$500,000 combined single limit
(per occurrence)
- ___5. See Addendum for Special
Coverages and/or revisions
- ___6. No Insurance Required

X. VENUE, CHOICE OF LAW AND INTERPRETATION

Venue for any cause of action arising under this contract is Taylor County, Texas. This contract is governed by the laws of the State of Texas both as to interpretation and performance. This contract shall, in any dispute over its meaning or application, be interpreted fairly and reasonably, and not more strongly for or against either party.

XI. TERMINATION

This contract may be terminated at any time upon 30 days written notice by City to Professional. In the event of termination, Professional will be compensated for work satisfactorily performed before the termination date.

If, through any cause, the Professional fails to fulfill his obligations under this contract, or if the Professional violates any of the agreements of this contract, the City has the right to terminate the contract by giving five days written notice to the Professional. The Professional will be compensated for work satisfactorily performed before the termination date.

The Professional, however, is not relieved of liability to the City for damages sustained by the City because of any breach of contract by Professional. The City may withhold any payments to Professional for the purpose of setoff until the exact amount of damages due the City from the Professional is determined and paid.

XII. PROJECT REPRESENTATION

The City agrees to appoint a Project Representative to assist in obtaining information from various City departments as requested by Professional and in coordinating, monitoring, and evaluating the project to its completion. The Project Representative has no control over the means, methods, techniques, or procedures employed by Professional. The City is interested only in the results obtained under this contract; the manner and means of obtaining those results is solely under the Professional's control.

XIII. NOTICE

All notices must be in writing, hand-delivered or mailed by certified mail, to the other party at the address below. The name and address for notification may be changed by notice to the other party.

City – ATTN:

**Mike Rains, Director of Finance, City of Abilene,
555 Walnut, Abilene, TX 79601**

Professional - ATTN: _____

XIV. COMPLIANCE WITH LAWS, CHARTER, ORDINANCES

Professional, its agents, employees and subcontractors must comply with all applicable federal and state laws, the charter and ordinances of the City of Abilene, and with all applicable rules and regulations promulgated by local, state and national boards, bureaus and agencies. Professional must obtain all necessary permits and licenses required in completing the work contracted for in this agreement.

XV. NO INDEBTEDNESS

Professional agrees that no payments owed by him of any nature whatsoever to the City, including payment in advance for service charges or any sums of any character whatsoever, shall become delinquent or in arrears.

The City will not knowingly award contracts for goods or services to any bidder in arrears to the City for any debt, claim, demand, or account whatsoever, including taxes, penalty and interest. Professional is responsible for ensuring that no indebtedness exists.

Section 130 of the City Charter authorizes the City to counterclaim and offset against any debt, claim, demand or account owed by the City to any person, firm or corporation in arrears to the City for any debt, claim, demand or account of any nature whatsoever, including taxes, penalty and interest.

XVI. EQUAL EMPLOYMENT OPPORTUNITY

It is the policy of the City to recruit, employ, and to provide compensation, promotion, and other conditions of employment without regard to race, color, religion, sex, age, national origin, or disability. The City affirms that employment decisions shall be made only on the basis of bonafide occupational qualifications. The City shall continually review its employment practices and personnel procedures and take positive steps to assure that equality of employment opportunity in the City of Abilene, Texas, is a fact as well as an ideal.

XVII. VERIFICATION OF EMPLOYMENT ELIGIBILITY

Professional must comply with the Immigration Reform and Control Act (IRCA) and may not knowingly obtain labor or services of an unauthorized alien. Professional -- not City -- must verify eligibility for employment as required by IRCA.

XVIII. MINORITY AND WOMEN BUSINESS ENTERPRISES

The City hereby gives notice that Minority and Women Business Enterprises will be afforded equal opportunities to submit bids in for this contract and will not be discriminated against on the grounds of race, ethnicity, color, sex, religion or national origin in awarding the contract. Technical assistance is available to Minority and Women Business Enterprises through the Texas Tech University Small Business Development Center, 749 Gateway St., #301, Building C, Abilene, Texas, 79602, 325-670-0300.

XIX. SALES TAX

The City qualifies as an exempt agency under the Texas Limited Sales, Excise and Use Tax Act (the "Tax Act"), and is not subject to any State or City sales taxes on materials incorporated into the project. Labor used in the performance of this contract is also not subject to State or City sales taxes. The City will provide an exemption certificate to the Professional. The Professional must have a sales tax permit issued by the Comptroller of Public Accounts and shall issue a resale certificate complying with the Tax Act, as amended, when purchasing said materials. The Professional is responsible for any sales taxes applicable to equipment purchases, rentals, leases, consumable supplies which are not incorporated into the project, tangible personal property purchased for use in the performance of this contract and not completely consumed, or other taxable services used to perform this contract, or other taxes required by law in connection with this contract.

XX. LEGAL CONSTRUCTION

In the event that any one or more of the provisions contained in this Contract is for any reason held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability will not affect any other provisions, and the Contract will be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.

XXI. BOYCOTT OF ISRAEL

In accordance with Chapter 2270, Texas Government Code, a governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract.

This section only applies to a contract that: (a) is between a governmental entity and a company with 10 or more full-time employees, and (b) has a value of \$100,000 or more that is to

be paid wholly or partly from public funds of the governmental entity. Additionally, “company” does not include a sole proprietorship.

If this section is applicable, the signatory executing this contract on behalf of company verifies that the company does not boycott Israel and will not boycott Israel during the term of this contract.

XXII. SECTIONS AND OTHER HEADINGS

Section, paragraph, and other headings contained in this Contract are for reference purposes only and do not affect in any way the meaning or interpretation of this Contract.

XXIII. COUNTERPARTS

This Contract may be executed in two or more counterparts (including fax, email, or electronic PDF counterparts), each of which shall be deemed an original and all of which together shall constitute one instrument.

{Remainder of Page Intentionally Left Blank—Signature Page Follows}

IN WITNESS HEREOF, the parties hereto have executed this contract effective as of the date written above:

CITY OF ABILENE

PROFESSIONAL

By: Robert Hanna

By:

Title: City Manager

Title:

Address:

Phone Number:

Federal Tax ID#:

ATTEST:

ATTEST: (if corporation)

City Secretary

Corporation's Secretary

Corporate Seal (if available)

APPROVED:

By: _____
City Attorney

ATTACHMENT A

Scope of Services

See attached Project Statement of Work (13 pages), which is incorporated herein as if copied at length. If there are any terms and conditions in the Project Statement of Work which conflict with the terms and conditions of this Contract, the terms and conditions of this Contract control.

ATTACHMENT B

PAYMENT SCHEDULE

PARTIES TO INITIAL OPTION SELECTED

OPTION 1 X

Compensation is based on actual hours of work/time devoted to providing the described professional services and will be paid at a rate of \$150.00 – \$160.00 (See Attachment A – Project Statement of Work) per hour not to exceed \$389,592.00.

Professional must submit monthly invoices to City accompanied by an explanation of charges, professional fees, and services. City will pay invoices according to its normal payment procedures.

OPTION 2

Payment is in a lump sum amount of \$Click or tap here to enter text. upon completion of the work and written acceptance by City's Project Representative.

No mechanic, contractor, subprofessionals, materialman or other person can or will contract for or in any other manner have or acquire any lien upon any building or work covered by the contract or the land upon which the same is situated.

Before final acceptance of this project by the City, the Professional must execute and provide City with an Affidavit that all bills for labor, materials and incidentals incurred by subprofessionals, materialmen, mechanics and suppliers under this agreement have been paid in full, and that there are no claims pending of which Professional has been notified.

OPTION 3

Payment is a fixed fee amount of \$Click or tap here to enter text. payable per Click or tap here to enter text. upon completion of the work and written acceptance by City's Project Representative.

No mechanic, contractor, subcontractor, materialman or other person can or will contract for or in any other manner have or acquire any lien upon any building or work covered by the contract or the land upon which the same is situated.

Before final acceptance of this project by the City, the Professional shall execute and provide City with an Affidavit that all bills for labor, materials and incidentals incurred by subprofessionals, materialmen, mechanics and suppliers under this agreement have been paid in full, and that there are no claims pending of which Professional has been notified.

ATTACHMENT C

OWNERSHIP OF DOCUMENTS AND MATERIALS

Parties to initial option chosen

(Option 1) _X_

All documents and materials prepared by Professional under the terms of this contract are the City's property from the time of preparation, and Professional must deliver the documents and materials to the City or make them available for inspection whenever requested. Professional has the right to make duplicate copies of such documents or materials for its own file or for other such purposes as the City authorizes in writing.

(Option 2) ____

All documents and materials prepared by the Professional remain the property of the Professional; however, Professional must furnish City, at no additional cost, one set of reproducible mylars of the original drawings of the work and/or one copy of all documents prepared by the Professional pursuant to this Agreement.

ATTACHMENT D

STATE MANDATED WORKERS' COMPENSATION INSURANCE LANGUAGE

THIS ATTACHMENT IS ONLY APPLICABLE IF WORKERS' COMPENSATION COVERAGE IS PROVIDED

a. Definitions

Certificate of coverage ("certificate") - a copy of a certificate of insurance, a certificate of authority to self-insure issued by the commission, or a coverage agreement (TWCC-81, TWCC-82, TWCC-83, or TWCC-84), showing statutory workers' compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

Duration of the project - includes the time from the beginning of the work on the project until the Professional's/person's work on the project has been completed and accepted by the City.

Persons providing services on the project ("subcontractors" in 406.096) - includes all persons or entities performing all or part of the services the Professional has undertaken to perform on the project, regardless of whether that person contracted directly with the Professional and regardless of whether that person has employees. This includes, without limitation, independent contractors, subprofessionals, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the project. "Services" include, without limitations, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a project. "Services" does not include activities unrelated to the project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

- b. The Professional shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees of the Professional providing services on the project, for the duration of the project.
- c. The Professional must provide a certificate of coverage to the City prior to being awarded the contract.
- d. If the coverage period shown on the Professional's current certificate of coverage ends during the duration of the project, the Professional must, prior to the end of the coverage period, file a new certificate of coverage with the City showing that coverage has been extended.
- e. Professional shall obtain from each person providing services on a project and provide to City:
- (1) a certificate of coverage, prior to that person beginning work on the project, so the City will have on file certificates of coverage showing coverage for all persons providing services on the project; and

(2) no later than seven (7) days after receipt by the Professional, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project.

- f. The Professional shall retain all required certificates of coverage for the duration of the project and for one (1) year thereafter.
- g. The Professional shall notify the City in writing by certified mail or personal delivery, within ten (10) days after the Professional knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project.
- h. The Professional shall post on each project site a notice, in the text, form and manner prescribed by the Texas Workers' Compensation Commission, informing all persons providing services on the project that they are required to be covered, and stating how a person may verify coverage and report lack of coverage.
- i. The Professional shall contractually require each person with whom it contracts to provide services on a project to:
 - (1) provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the project, for the duration of the project;
 - (2) provide to the Professional, prior to that person beginning work on the project, a certificate of coverage showing that coverage is being provided for all employees of the person providing service on the project, for the duration of the project;
 - (3) provide the Professional, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
 - (4) obtain from each other person with whom it contracts, and provide to the Professional:
 - (a) a certificate of coverage, prior to the other person beginning work on the project; and
 - (b) a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
 - (5) retain all required certificates of coverage on file for the duration of the project and for one (1) year thereafter;
 - (6) notify the City in writing by certified mail or personal delivery, within ten (10) days after the person knew or should have known, of any change that materially affects the provision of coverage of any person providing service on the project;

(7) contractually require each person with whom it contracts, to perform as required by paragraphs (1) - (7), with the certificates of coverage to be provided to the person for whom they are providing services.

- j. By signing this contract or providing or causing to be provided a certificate of coverage, the Professional is representing to the City that all employees of the Professional who will provide services on the project will be covered by workers' compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the commission's Division of Self-Insurance Regulation. Providing false or misleading information may subject the Professional to administrative penalties, criminal penalties, civil penalties, or other civil actions.
- k. The Professional's failure to comply with any of these provisions is a breach of contract by the Professional which entitles the City to declare the contract void if the Professional does not remedy the breach within ten (10) days after receipt of notice of breach from the City.

ATTACHMENT E
NOTICE TO PROCEED

N/A

ATTACHMENT F
CHANGE IN SCOPE OF SERVICES

N/A

Project Statement of Work

ERP Financials Implementation



www.kreativecoretech.com
Results. Guaranteed.



Version History and Sign-off

Version	Reason for Change	Date of Approval	Approver's Name
1.0	Initial Draft	04/12/2023	



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1. Purpose

The purpose of this document is to provide a narrative description of the required work to be carried out as part of the ERP Financials Implementation project. It stipulates the deliverables or services required to fulfil a contract, and it defines the task to be accomplished or services to be delivered by a supplier in clear, concise, and meaningful terms.



2. Summary of Scope of Work

This SOW covers the project management, functional configuration assistance, technical services and handover services to be provided by Kreative Core Technologies (KCT) in support of City of Abilene Enterprise Resource Planning (ERP) solution project, wherein specified KCT's resources will be assigned to provide guidance pursuant to the agreed-to scope as set forth in this SOW.

This SOW confirms the understanding of the scope, objectives, the Services, Deliverables, work product or other software, or documents, timing, staffing and fees for this SOW.

3. Background

City of Abilene, TX is undergoing a major transformation project by replacing the legacy ERP system with Tyler Munis (also known as EERP). City is midway through the implementation and require assistance from KCT to complete the financials phase of the project successfully. An evaluation was performed to assess the current state of the EERP Financials phase, and a list of gaps were identified. City would like to seek assistance to overcome those challenges with Project Management, Functional Configuration, and technical interface development with the other third-party systems.

4. Objectives of the Requirement

The ERP Implementation project will enhance customer service and efficiency through the use of digital and interactive technologies, as well as provide a common point of origin for all service requests. The Project will retool business processes and integrate other systems into a more streamlined and effective manner.

The following are objectives to be achieved by the project:

- Expand operational effectiveness and productivity.
- Empower City's departments to improve their customer service delivery.
- Augment accessibility and quality of information for decision-making support.
- Retool or replace inefficient business processes.
- Achieve consistency in addressing financial requirements.
- Enrich collaboration and interdepartmental communication.
- Provide a means of measuring effectiveness.
- Develop comprehensive reporting capabilities.

5. Expected Start and Completion Dates

The following key dates have been identified for this SOW:

Event	Start Date	Complete Date
Kick-off meeting / Project Management Involvement	01 May 2023	10/31/2023
Functional Analyst Involvement	01 May 2023	09/30/2023
Technical Analyst Involvement	01 May 2023	08/31/2023
Go-Live	01 October 2023	



6. Resourcing Recommendations

KCT has recommended the following resourcing for the successful delivery of the project.

<u>Resources Allocation</u>	<u>Roles</u>	<u>Start Date</u>	<u>End Date</u>	<u>Working Days</u>	<u>Number of Hours per day</u>	<u>Resource Allocation</u>
Project Management	Sr Functional Analyst	5/1/2023	10/31/2023	132	6	0.75
Functional SME	Functional Analyst	5/1/2023	9/30/2023	110	8	1
Technical SME	Technical Analyst	5/1/2023	8/31/2023	89	4	0.5

Resourcing model will be a shared resource model, Multiple resources will be provided to cover specific tasks. Please refer to the attached profiles for the resources that will be engaged with this initiative.

7. Investment Summary

Below is the breakdown of the hourly rates and not to exceed amount. Resources will be billed to the project as allocated; Individual Timesheet will be provided to the city along with the invoice.

<u>Resources Allocation</u>	<u>Roles</u>	<u>Hourly Rates</u>	<u>Cost</u>
Project Management	Sr Functional Analyst	\$150.00	\$ 118,800.00
Functional SME	Functional Analyst	\$155.00	\$ 136,400.00
Technical SME	Technical Analyst	\$160.00	\$ 56,960.00
	Sub-Total		\$ 312,160.00
	Contingency - 20%		\$ 62,432.00
	Travel (Actuals)		\$ 15,000.00
	Total (Not to Exceed)		\$ 389,592.00



8. Specifications

At a high level, KCT will provide the following set of deliverables.

Deliverables	Description	Type	Priority
Comprehensive Project Plan	Comprehensive project plan that will entail the plan for the complete financials' implementation, including data conversion, integrations, training, testing etc.	Business	Must
Deployment / Cutover Plan	A detailed implementation and deployment plan	Business	Must
Workflow Business Process	"To-Be" business process/workflow design	Business	Should
Configuration Workshop	Workshops with city team to configure the system	Business	Must
Configuration Document	Detailed design of software configuration	Business	Must
Enterprise Architecture Document	Detailed configuration required for integration with existing tools	Business	Must
Testing Strategy	A strategy to provide a complete range of system testing to verify performance	Business	Should
Testing	Functional Testing Assistance Integration testing Assistance End to End testing Assistance	Business	Must
Test Scripts	Assist City with documenting the Test Scripts	Functional	Must
User Acceptance	User Acceptance Testing	Functional	Must
Data Conversion Plan	Data conversion plan for legacy-type data	Functional	Could
ERP Configuration	Delivery of the actual CRM solution	Business	Must
Training	A detailed training plans. Training Assistance Training documentation assistance	Business	Must
Project Management	A complete set of documentation including: • Project management materials • Status reports • Issues log	Business	Must

Project Statement of Work
ERP Financials Implementation

Deliverables	Description	Type	Priority
Project management	Facilitation of Meetings and discussions Coordination of activities Management of Tasks Organizational Change Management Communication Surveys Plan out Activities. Engage Extended Teams Training Training Strategy Training Plan Training Schedule	Business	Must
Technical	Interfaces with the Bank Design Development Test GL Interfaces Design Develop Test	Business	Must

9. Critical and Non-Critical Implementation Modules

Below is the evaluated list of all the critical and non-critical modules that will be implemented, the goal of the success of the implementation will be to successfully roll out the critical modules as listed below.

MUST HAVE	NICE TO HAVE	AFTER GO LIVE
Project Accounting	VSS	Bid Management
P- Card Management	Contract Management	Budget Management
Purchasing	Capital Assets	
Accounts Payable		
Bank Reconciliation Manager		
Employee Expenses		
General Ledger		
General Billing		
Tyler Cashiering		
Tyler Payments		
Tyler Ready Forms / Custom Forms		



10. Location of Work, Work site and Delivery Point

All work is to be completed remotely. Onsite trip to the city will be based on as needed basis. Parking, desk, Wi-Fi and printing facilities will be arranged for the team during the onsite trips.

11. Contractor's Obligations

The supplier is hereby obliged to:

- keep all documents and proprietary information confidential.
- meet all tasks, deliverables and milestones as identified in this SOW.
- return all materials belonging to the City upon completion of the contract.
- comply with guidance mandated by City, including City's code of conduct.

12. Performance Reporting Requirements

During the life of the project, KCT is expected to comply with the following performance reporting requirements:

What	When	How	To Whom
Project Status Update Meeting	Every Friday / as agreed	Teams Call	City's PM and other staff
Project Status Report	Every Thursday / as agreed	Email (please use ABC's template)	City's PM

13. Change Requests Procedure

Scope changes, if any, must be agreed to in writing by the parties, in either a new SOW or an amendment to this SOW, and executed by the parties prior to the supplier's performance of any additional services.

If, during the course of the supplier services, it appears that the nature and scope of services is significantly modified from that which is contemplated in this SOW, the supplier shall advise City immediately and will make every reasonable effort to prevent the incursion of unplanned expenses.



14. Sign-Off

If you agree to the requirements of this Statement of Work, please sign and date the document which will be accepted as your proposal:

Name	Signature	Date
Kristen Tusing		
Mike Rains		
Marjorie Knight		

15. Exhibit A (Profiles for the Resources)

PROJECT MANAGER: ERWIN LIMON

Tyler Systems Experience	Project Manager for the City of Oxnard Tyler Munis - Core Financials Executime - Human Capital Management Time & Attendance Project
Years of Platform Experience: 2+ years	PMP, PMI AH-MC, ITIL, ISO 31000 RM
Professional certifications or licenses	
Professional Background	IT Project Manager & Network Engineer



FUNCTIONAL CONSULTANT: MICHAEL SMITH

Tyler Systems Experience	Business Systems Analyst & Project Manager Tyler Munis - Core Financials (RBAC & Workflow Design), Helpdesk Support
Years of Platform Experience: 5+ years	EAM (Enterprise & Asset management)
City Projects	Oxnard CA, Desoto TX, Lancaster TX
Professional Background	Former Implementation Specialist at Tyler Tech



FUNCTIONAL CONSULTANT: AMY MCCORMICK

Tyler Systems Experience	Business & Finance Systems Analyst Senior Project Manager
Years of Platform Experience: 9+ years	Tyler Munis - Core Financials (COA design specialist, General Ledger, Workflow design) Tyler Incode- Finance Implementation
City Projects	Oxnard CA, Lancaster TX, La Quinta CA
Professional Background	Financial Director & Accounting background



BUSINESS ANALYST: NICOLE GAINES

Tyler Systems Experience	Jury Management Pilot Software Solution Tyler Odyssey - County Government courts and justice public sector system configuration setup, administration, and maintenance.
Years of Platform Experience: 2+ years	
City Projects	Fort Bend, TX
Professional Background	Agile Product Owner, Implementation Specialist



Exhibit A (Profiles for the Resources) continued

DATA ANALYST: SOUMIT BHOWMICK

Tyler Systems Experience	Data Analyst for Automation for the City of Oxnard
Years of Platform Experience: 2 years	Tyler Munis - Human Capital Management Executime - Human Capital Management
Other Technical Expertise	Hands on in Python, SQL, AI cloud services and full stack for 5+years
Professional Background	Automation developer specializing in data analytics



SYSTEMS ADMINISTRATOR: VINEELA MANDAPATI

Tyler Systems Experience	Systems Administrator & Data Automation Tyler Munis – Core Financials (RBAC & Workflow) Tyler Munis – HCM -Neogov Integration
Years of Platform Experience: 5+ years	Energov & Utility Billing – data migration from Legacy, parallel testing, data gathering, workflow design / Laserfiche forms creation
City Projects	Coppell TX, Oxnard CA
Professional Background	Automation analyst with proven experience in SSRS SQL Server scripts, and SSIS, Azure Active Directory, O365, ASP.NET, C#, ADO.Net, CSS, HTML, XML, AJAX & Javascript



Approve Professional Services Agreement with Kreative Core Tech





Approve Professional Services Agreement with Kreative Core Tech

- Staff interviewed two companies that provide 3rd party support for Munis/Tyler Tech Financial software implementations.
- Kreative Core Tech was selected as the best fit for the City of Abilene based upon the interviews.
- This contract will help the City of Abilene navigate the complicated process of successfully implementing the critical foundation of the ERP Financials Implementation project, and meet the project timeline.





Approve Professional Services Agreement with Kreative Core Tech

- The Contract Scope includes project management, functional configuration assistance, technical services and handover services.
- The City of Abilene has a planned Go Live date of October 1, 2023 for the Financials Implementation project.
- The Contract has a not to exceed value of \$389,592.00
- Staff recommends approval.



QUESTIONS ?





**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Honorable Mayor and City Council Members

FROM: Robert Hanna, City Manager

SUBJECT: 7. Resolution: Receive a Report, Hold a Discussion and Take Action on Authorizing the City Manager to enter into an Agreement with Strategic Government Resources (SGR) to provide the services of an Interim Director of Public Safety, perform an organizational department review and recommendation, and assist with the search and recruitment of the new Police Chief (Robert Hanna)

GENERAL INFORMATION

SGR will provide an Interim Director of Public Safety. SGR will also perform a comprehensive review and assess the organizational structure, operational functions, and the levels of staffing, providing recommendations. Under this agreement, SGR will also provide executive recruitment services for the vacant Chief of Police position.

SPECIAL CONSIDERATIONS

FUNDING/FISCAL IMPACT

STAFF RECOMMENDATION

Staff recommends approval of the Agreement with SGR.

BOARD OR COMMISSION RECOMMENDATION

ATTACHMENTS:

1. SGR Police Resolution
2. SGR-Abilene, TX_Master Services Agreement_04_2023-filled
3. Agreement with SGR

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS
AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES
AGREEMENT WITH STRATEGIC GOVERNMENT RESOURCES, INC.**

WHEREAS, the Abilene Police Department, Chief of Police position is currently vacant.

WHEREAS, the City seeks to utilize the expertise of Strategic Government Resources, Inc. to provide a highly experienced local government professional to serve as Interim Director of Public Safety; to perform a comprehensive review and assess the organizational structure, operational functions and staffing levels of the department and make recommendations; to provide executive recruitment services for the Police Chief position.

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

Part 1: The City Manager is authorized to execute a Professional Services contract with Strategic Government Resources.

Part 2. That this Resolution takes effect immediately upon its adoption.

ADOPTED this 27th day of April, 2023.

ATTEST:

Shawna Atkinson, City Secretary

Anthony Williams, Mayor

APPROVED:

Stanley Smith, City Attorney

**Agreement for Professional Services ("PROJECT")
to City of Abilene, Texas ("CLIENT") between
CLIENT and Strategic Government Resources, Inc. ("SGR")**

SGR and CLIENT (together, "Parties") agree as follows, effective upon the date of the later signature below, in consideration of the mutual promises contained in this Agreement and other good and valuable consideration, the sufficiency of which each Party hereby acknowledges.

1. SGR promises and agrees:

- A. To perform the basic services described in Exhibits A, B, and C, and thereafter as modified or amended to include any work requested by CLIENT made in writing and signed by both parties.
- B. To comply with all applicable open records, public information and similar laws, and consult with CLIENT if SGR is asked for information before disclosure, unless prevented by court order or law from doing so.

2. CLIENT promises and agrees:

- A. To pay SGR promptly as billed or invoiced for such services in accordance with the amounts stated in Exhibits A, B, and C, including Reimbursable Expenses and costs of any Supplemental Services or Other Expenses that CLIENT selects.
- B. To respond to drafts of documents and reports in a timely manner; failure to do so may, in SGR's reasonable discretion, extend timelines and can negatively impact the outcome of the process.
- C. To provide legal opinions to SGR regarding when and if any information relating to the PROJECT must or should be released in accordance with public information laws or legal process.
- D. That if CLIENT receives an open records request, CLIENT shall notify and share the request with SGR in writing as soon as possible but within no more than three (3) business days of receipt.
- E. To cooperate with SGR to enable SGR to perform its obligations to CLIENT.
- F. To timely provide photos/graphics and information necessary to develop recruitment brochure, narrow candidate field, and conduct candidate screening and interviews; failure to do so may, in SGR's reasonable discretion, extend timeline and can negatively impact the outcome of the process.
- G. To refer all prospective applicants to SGR and not to accept applications independently during the recruitment process.
- H. That if CLIENT receives an open records request, CLIENT shall notify and share the request with SGR in writing as soon as possible but within no more than three (3) business days of receipt and that CLIENT shall provide sufficient time for SGR to notify

and provide advance notice to the impacted individuals prior to CLIENT releasing the required information with protected information redacted.

- I. To directly reimburse finalists for travel-related expenses relating to in-person interviews.
- J. That CLIENT is ultimately responsible for candidate selections and CLIENT will not discriminate against any candidate on the basis of age, race, creed, color, religion, sex, sexual orientation, national origin, disability, marital status, or any other basis that is prohibited by federal, or applicable state, or local law.
- K. To comply with the Fair Credit Reporting Act.

CLIENT acknowledges that the nature of executive recruitment is such that SGR engages in discussions with prospects through the process who may or may not ultimately become a candidate, and that SGR is utilizing its proprietary network of relationships to identify and engage prospective candidates, and that premature release of such proprietary information, including names of prospective candidates with whom SGR may be having conversations as part of the recruitment process, may be damaging to the prospects, CLIENT, and SGR. Accordingly, CLIENT acknowledges and, to the extent permitted by law, agrees that all information related to this search is proprietary, and remains the property of and under the exclusive control of SGR, regardless of whether such information has been shared with CLIENT.

3. Additional Terms and Conditions:

- A. Exhibits A, B, and C are incorporated herein for all purposes including all terms defined therein, but if there is any conflict or inconsistency between the terms or conditions of this Agreement, this Agreement controls.
- B. SGR may substitute personnel other than those initially placed, who have substantially equivalent training and experience and subject to approval of CLIENT, due to factors such as SGR employee/consultant turnover, developing needs of the PROJECT, or CLIENT's request.
- C. Remedies
 - i. CLIENT can terminate this agreement at any time for no reason upon giving SGR seven (7) days advance written notice of the termination date. In such an event, SGR will be compensated for all work satisfactorily performed up to and through the termination date.
 - ii. SGR can terminate this agreement upon seven (7) days advance written notice of the termination date to CLIENT if CLIENT has failed to promptly pay in full any undisputed portion of any bill or invoice (if the dispute is in good faith) or has failed to perform its contractual promises in a manner that materially impedes SGR's ability to perform. In such an event, SGR will be compensated for all work satisfactorily performed up to and through the termination date.
- D. There are no third-party beneficiaries to this Agreement.

- E. If any term or condition of this Agreement is invalidated by final judgment of a court of competent jurisdiction or becomes impossible to perform, the Parties will confer about whether to continue performance without amending the Agreement, without prejudice to either Party's right to terminate the Agreement without cause.
- F. This Agreement embodies the complete and final understandings, contract, and agreement between the Parties, superseding any and all prior written or verbal representations, understandings, or agreements pertaining to this PROJECT. This Agreement can be modified only by signed written amendment. Electronic communications purporting to amend this Agreement will be effective only if the electronic communication includes specific reference to this Agreement or PROJECT.
- G. This Agreement will be governed by the substantive laws of the State of Texas without regard to the jurisdiction's choice-of-law doctrines. Venue for any litigation relating to this Agreement will be exclusively in Taylor County of the State of Texas.
- H. Notices related to this Agreement will go to the respective Parties as follows but either Party can change the addressee for notices to that Party by written notice to the other Party.
 - i. For the purposes of this Agreement, legal notice shall be required for all matters involving potential termination actions, litigation, indemnification, and unresolved disputes. This does not preclude legal notice for any other actions having a material impact on the Agreement.
 - ii. Any notice required be given by this Agreement shall be deemed to have been given within three (3) days of emailing or depositing in the mail.

Legal Notices:

SGR

Attn: Melissa Valentine, Corporate Secretary
PO Box 1642
Keller, TX 76244
Melissa@GovernmentResource.com

CLIENT

Attn: City of Abilene
Address: 555 Walnut Street, Abilene, TX 79601
Email: mindy.patterson@abilenetx.gov

PROJECT Representatives:

SGR – Interim & Consulting Services

Name: Wendle Medford

Title: President, Interim Services, Consulting & Embedded Services

Email:

WendleMedford@governmentresource.com

Phone: 682-429-1565

CLIENT

Name: Robert Hanna

Title: City Manager

Email: robert.hanna@abilenetx.gov

Phone: (325) 676-6201

SGR – Executive Recruiting Services

Name: JJ Peters

Title: President, Executive Recruitment

Email: JJPeters@governmentresource.com

Phone: 817-753-3153

CLIENT

Name: Robert Hanna

Title: City Manager

Email: robert.hanna@abilenetx.gov

Phone: (325) 676-6201

Billing and Invoicing:

SGR

Attn: Finance

Finance@GovernmentResource.com

817-337-8581

CLIENT

Name: Mindy Patterson

Title: Deputy City Manager

Email: mindy.patterson@abilenetx.gov

Phone: (325) 676-6326

- I. Unless sooner terminated, this Agreement shall terminate at such time as the PROJECT is completed and the requirements of this Agreement are satisfied, except that duties of payment, of information disclosure, any representations and warranties, and placement guarantee survive this Agreement.
- J. The Parties and each individual who executes this Agreement on behalf of a Party represent and warrant to the other Party that as to each Party's respective signatory, that signatory is authorized by their Party to execute this Agreement and to bind their Party hereto.
- K. Time is of the essence to this Agreement.
- L. This Agreement may be executed in counterparts which together will comprise the Agreement.

M. This Agreement is subject to appropriation of funds by CLIENT.

Strategic Government Resources, Inc.

CLIENT

Signature

Signature

Printed Name: Wendle Medford

Printed Name: Robert Hanna

Title: President, Interim Services, Consulting
& Embedded Services

Title: City Manager

Date

Date

Strategic Government Resources, Inc.

Signature

Printed Name: JJ Peters

Title: President, Executive Recruiting

Date

Date: April 14, 2023

**Agreement for Interim Director of Public Safety Services
By and Between Strategic Government Resources and the City of Abilene, Texas**

City of Abilene, Texas
Robert Hanna, City Manager
Robert.Hanna@AbileneTX.gov

Strategic Government Resources
Wendle Medford, President
Interim, Embedded and Consulting Services
WendleMedford@GovernmentResource.com

("City")

("SGR")

Scope of Services. The City of Abilene, Texas, (referred to as "City") seeks an Interim Director of Public Safety to perform related duties for City. Strategic Government Resources (referred to as "SGR") will provide a highly experienced local government professional to serve as Interim Director of Public Safety for City.

Recommended Candidate. SGR and City will work together to determine a final candidate for consideration. Should City wish to consider an alternate candidate, SGR can provide other experienced local government professionals for City to interview. City may interview candidate(s) by phone, Skype, or in person. City will reimburse all travel, lodging, and per diem expenses for any in-person interviews.

If at any time during the assignment, City wishes to have another candidate provided to serve as Interim Director of Public Safety, SGR will produce additional experienced local government professionals to fill the position, to the satisfaction of City, pending availability of suitable candidates.

Directions and Control. The City is responsible for the direction, supervision, and control of the contractor. It is the City's responsibility to provide a safe workplace and to furnish the contractor with any equipment/ training needed to perform their role.

Terms and Conditions. SGR will provide an Interim Director of Public Safety at a rate of \$95.00 per hour. The Interim Director of Public Safety will work a maximum of 40 hours per week unless approved by City. Any hours worked in excess of 40 hours per week, will be billed at the standard contract rate of \$95.00 per hour.

City Contact for Invoicing:

Name: Mindy Patterson, Deputy City Manager

Email: mindy.patterson@abilenetx.gov

Phone: (325) 676-6326

1. SGR will perform a Comprehensive Media Search on the candidate selected by City and provide a comprehensive media report to City. This media report is compiled from information gathered using our proprietary online search process. This is not an automated process and produces far superior results than a standard media or simple Google search. The report length

may be as long as 350 pages and may include news articles, links to video interviews, blog posts by residents, etc.

The City's final approval of the interim candidate will be dependent upon client acceptance of results of the media and background searches conducted, and we recommend a start date after completion of all elements of our background checking process.

Should an organization choose to start an interim candidate prior to completion of media searches and/or any other elements of the standard background investigation, SGR will be held harmless for any unexpected findings.

2. SGR will perform a comprehensive background investigation on the candidate selected by the City. SGR uses a licensed private investigation firm for these services. Through SGR's partnership with FirstCheck, we are able to provide our Cities with comprehensive background screening reports that include detailed information such as:
 - Social Security number trace
 - Address history
 - Driving history/motor vehicle records
 - Credit report
 - Federal criminal search
 - National criminal search
 - Global homeland security search
 - Sex offender registry search
 - State criminal search (for current and previous states of residence)
 - City criminal search (for every City in which candidate has lived or worked)
 - City civil search (for every City in which candidate has lived or worked)
 - Education verification
3. City is responsible for the cost of any drug screening that City may require.
4. All routine business expenses incurred by SGR's representative in their role as Interim Director of Public Safety, will be reimbursed under the same terms and conditions that such expenses would be reimbursed for any other employee of City, such as mileage, hotel, and per diem when traveling at the request of City, and business meals incurred for local meetings. Commute time will not be billed by SGR.
5. The City will provide temporary housing such as a local hotel, direct billed to City, with a roundtrip mileage/travel reimbursement of four times per month between Interim Director of Public Safety's permanent residence and City. Mileage is reimbursed by City at the current IRS mileage reimbursement rate.
6. City will be billed bi-weekly for the previous 2 week's work and any travel/housing reimbursement. Payment will be due within 14 days of each billing. SGR will not be compensated for holidays, vacation time, sick leave, etc.
7. If City hires the candidate placed as Interim Director of Public Safety for a permanent position

during the term of this agreement or within 12 months after the conclusion of this agreement, City will pay SGR an employment placement fee of \$10,000.00. This fee is waived if SGR conducts a full-service executive search for this position.

8. City or SGR may terminate the agreement for Interim Director of Public Safety Services with a fourteen (14) day written notice, without cause or penalty.

Cost Summary. SGR will provide Interim Director of Public Safety Services to City as follows:

<i>Interim Director of Public Safety Services</i>	<i>\$95.00 per hour</i>
<i>Comprehensive Media Search Report</i>	<i>\$500.00</i>
<i>Background Investigation</i>	<i>\$400.00</i>
<i>Mileage/Temporary Housing</i>	<i>TBD*</i>
<i>Travel expenses for in-person interviews, if needed</i>	<i>TBD</i>
<i>Per diem for in-person interview, if needed</i>	<i>\$15 breakfast, \$20 lunch, \$30 dinner</i>

**Mileage will be billed at the Standard Mileage Reimbursement Rate established by the IRS. City will provide temporary housing or a housing stipend, if necessary.*

Confidentiality Agreement. The Interim Director of Public Safety will perform services for City which may require City to disclose confidential and proprietary information to Interim Director of Public Safety or which may require City to grant authorization to the Interim Director of Public Safety to make financial and legal transactions on behalf of the City. Confidential information includes, but is not limited to, any information of any kind, nature, or description concerning any matters affecting or relating to Interim Director of Public Safety's services for City, the business or operations of City, and/or the products, projects, drawings, plans, processes, or other data of City. Financial and legal information includes, but is not limited to, financial institution wire transfers, deposits, withdrawals, cash handling, investment handling, real property transactions, or other financial or legal transactions of City. The Interim Director of Public Safety, through his/her contract with SGR agrees:

- To hold any and all confidential information received from City in strict confidence and shall exercise a reasonable degree of care to prevent disclosure to others.
- Not to disclose or divulge, either directly or indirectly, the confidential information to others unless first authorized to do so in writing by City. For financial and legal transactions, Interim Director of Public Safety must receive authorization from City verbally and in writing, other than by email, and Interim Director of Public Safety shall maintain reasonable data security controls to protect Interim Director of Public Safety and City from social engineering attacks.
- Not to reproduce the confidential information, nor use this information commercially, or for any purpose other than the performance of his/her duties for City.
- That upon request or upon termination of his/her relationship with City, deliver to City, any drawings, notes, documents, equipment, and materials received from City or originating from his/her activities for City.
- That City shall have the sole right to determine the treatment of any information that is part or project specific received from Interim Director of Public Safety, including the right to keep the same as

confidential and proprietary.

Indemnification. To the extent it may be permitted to do so by applicable law, City does hereby agree to defend, hold harmless, and indemnify the designated Interim Director of Public Safety, SGR, and all officers, employees, and contractors of SGR, from any and all demands, claims, suits, actions, judgments, expenses, and attorneys' fees incurred in any legal proceedings brought against them as a result of action taken in the Interim's individual or official capacity for the City as an independent contractor and as Interim Director of Public Safety, providing the incident(s), which is (are) the basis of any such demand, claim, suit, actions, judgments, expenses, and attorneys' fees, arose or does arise in the future from an act or omission of the Interim Director of Public Safety as an independent contractor of City acting within the course and scope of the Interim Director of Public Safety's engagement with City; excluding, however, any such demand, claim, suit, action, judgment, expense, and attorneys' fees for those claims or any causes of action where it is determined that the Interim Director of Public Safety committed official misconduct, or committed a willful or wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith; and excluding any insurance contract, held either by City or SGR. In the case of such indemnified demand, claim, suit, action, or judgment, the selection of the Interim Director of Public Safety's legal counsel shall be with the mutual agreement of the Interim Director of Public Safety and City if such legal counsel is not also City's legal counsel. A legal defense may be provided through insurance coverage, in which case the Interim Director of Public Safety's right to agree to legal counsel provided for him/her will depend on the terms of the applicable insurance contract. The provisions of this paragraph shall survive the termination, expiration, or other end of this agreement and/or the Interim Director of Public Safety's engagement with City.

Venue. The venue for any disputes shall reside in Taylor County, Texas.

Applicable law. This agreement shall be governed by the laws of the State of Texas.

This agreement represents the full and complete agreement between Strategic Government Resources and the City of Abilene, Texas, and supersedes any and all prior written or verbal agreements. This agreement may be modified or amended only by a written instrument signed by the parties.

Approved and Agreed to on _____, by and between Strategic Government Resources and the City of Abilene.

Robert Hanna, City Manager
 City of Abilene, Texas

Wendle Medford, President
Interim, Embedded and Consulting Services
 Strategic Government Resources

April 14, 2023

**Agreement for Police Department Operational Assessment Consulting Services
By and Between Strategic Government Resources and the City of Abilene, Texas**

City of Abilene, Texas
Robert Hanna, City Manager
Robert.Hanna@AbileneTX.gov

Strategic Government Resources
Wendle Medford, President of Interim,
Embedded and Consulting Services
WendleMedford@GovernmentResource.com

("Client")

("SGR")

Scope of Services. This agreement is between the City of Abilene, Texas (referred to as "Client") and Strategic Government Resources (referred to as "SGR") for SGR to perform a comprehensive review and assess the organizational structure, operational functions, and levels of staffing and make recommendations that will enhance the operations for current and future needs of the Police Department. Under this agreement SGR will perform the following:

Phase 1 - Project Initiation

- Meeting with City Leadership Team to discuss project goals and to develop an understanding of organizational culture and philosophy.
- Gather feedback from elected officials, community partners, sworn employees, civilians, etc. regarding the perceived strengths and weaknesses of the Abilene Police Department.
- Review the Department's challenges, opportunities and desired outcomes.
- Collect data for review to include the following: current job descriptions, organizational chart, department budget, applicable policies, and any other relevant documents.
- Establish project reporting schedule.

Phase 2 - Organizational Review

- Examine goals, objectives, associated metrics, and evaluation of outcomes for strengths and weaknesses.
- Review the Department's operational functions and workflow process for each area.
- Analyze reporting relationships to ensure an adequate span of control.
- Analyze staffing levels based on current and projected workloads.
- Review staff retention and experience.
- Review adequacy of staff training and experience related to the management of functions and services provided by the Department.
- Assess financial impacts of decisions.

Phase 3 - Develop and Present Final Recommendations

- Provide a general overall review of the major sections/divisions within the Abilene Police Department—operations, fiduciary, and administrative responsibilities.
- Provide input on future Strategic Planning development.
- Identify and recommend best practices and organizational needs for the Department.

- Recommend an optimal organizational model based on the available budget.
- Provide recommendations for streamlining procedures and processes for department functions.
- Identify cost saving technologies to support current and future programs and operations.
- Provide training recommendations to improve operations and support succession planning.
- Identify staffing requirements, both current and future.
- Prepare and report out to leadership the improvement plan.

Project Timeline

A finalized report is to be delivered within **15 days** of the end of the interim’s employment. Due to the potential length of the interim position, any critical issues will be reported promptly to the CM. Additionally, regular updates will be provided throughout the process to ensure essential functions are being met.

Client Satisfaction Survey

SGR works very hard to deliver exceptional customer service and it is important to us to get honest and objective feedback from our clients. We may ask you to complete a client satisfaction survey and discuss any feedback and suggestions you may have that will help us in our goal of continuous process improvement.

Cost Summary. SGR will provide Police Department Operational Assessment Services to Client as follows:

Professional Services Fees

**Fees Subject to Change: Any work completed that falls outside the Scope of the SOW will be billed at the applicable hourly fee of \$175.00 per hour during normal business hours, \$250.00 for work completed outside normal business hours.*

Police Department Operational Assessment:	\$7,500.00
Travel Expenses:	TBD
Supplemental Services Post Engagement	
Additional onsite meetings	\$250 per hour plus expenses
Additional virtual meetings	\$175 per hour

Supplemental Expenses not Included in Professional Fee:

- Travel expenses will be billed as follows: Meals are billed at a per diem rate of \$15 for breakfast, \$20 for lunch, and \$30 for dinner. Mileage will be reimbursed at the current IRS rate. All other travel-related expenses are billed back at actual cost, with no markup for overhead.
- Any expenses incurred (printing, etc.) will be billed at the actual cost
- If the Client desires any supplemental services not mentioned in this section, an estimate of the cost will be provided at that time, and no work shall be done without approval by the Client.

Billing. The professional service fee, along with associated expenses, will be invoiced after the operational assessment is complete. Invoices are due within 14 days of receipt.

Provision of Service Guarantee. SGR guarantees that you will be satisfied with the employee engagement process conducted with your organization. If at any time, the Client does not feel the level of expectation is

being met, SGR will welcome discussions and provide rectifications to the concerns expressed.

Terms and Conditions:

- **Termination of Contract.** The Client reserves the right to terminate this agreement at any time upon giving SGR seven (7) days advanced written notice to WendleMedford@GovernmentResource.com or to SGR, Attn: Wendle Medford, PO Box 1642, Keller, TX 76244. In such an event, SGR will be compensated for all work satisfactorily completed up to and through the date of termination. In addition, SGR shall provide to the Client all information obtained and/or developed during the project through the date of termination.
- **Modification.** This agreement may be modified or amended only by a written instrument signed by the parties.
- **Venue.** The venue for any disputes shall reside in any Texas State Court within Taylor County, Texas. To the maximum extent allowed by law, the prevailing Party in any dispute hereunder shall be entitled to recover a reasonable amount of the prevailing Party's attorney's fees and costs.
- **Applicable law.** This agreement shall be governed by the laws of the State of Texas.

Confidentiality Agreement. The work required hereunder may require the Client to disclose confidential information to SGR. Such information could include, but is not limited to, any information of any kind, nature, or description concerning any matters affecting or relating to any obligations of SGR under this Agreement. To the extent allowed by law, SGR agrees:

- To hold any and all information received from Client in confidence unless authorized by the Client to disclose it or unless required to disclose it by law, and SGR shall exercise a reasonable degree of care to prevent accidental disclosure to others.
- That any authorized disclosure of such information must be in writing from a Client official with actual or apparent authority to make such authorization.
- Not to reproduce the information, nor use this information commercially, or for any purpose other than the performance of SGR's duties for Client.
- That upon request or upon termination of the relationship with Client, to deliver to Client, any drawings, notes, documents, equipment, and materials received from Client or originating from activities for Client.
- That all material or information that the Client receives from SGR shall be the sole property of and owned solely by the Client.

Indemnification. To the maximum extent it may be permitted to do so by applicable law, Client does hereby agree to release, defend, hold harmless, and indemnify SGR and all officers, employees, and contractors of SGR, from any and all demands, claims, suits, actions, judgments, expenses, and attorneys' fees incurred in any legal proceedings brought against them as a result of action taken in SGR's official capacity for the Client to the same extent as if SGR were employed directly by the Client rather than retained through SGR, providing the incident(s), which is (are) the basis of any such demand, claim, suit, actions, judgments, expenses, and attorneys' fees, arose or does arise in the future from an act or omission of the SGR acting within the course and scope of or arising out of services or actions SGR is performing for or on behalf of the Client; excluding, however, any such demand, claim, suit, action, judgment, expense, and attorneys' fees for those claims or any causes of action where it is determined that SGR committed a willful or wrongful act or omission, or an act or omission constituting gross negligence. Further, the Client's indemnification of SGR shall only apply to the extent the same indemnification is not otherwise fully provided by any insurance contract held either by Client

or SGR. The provisions of this paragraph shall survive the termination, expiration, or other end of this agreement.

This agreement represents the full and complete agreement between Strategic Government Resources and the City of Abilene, Texas, and any and all prior written or verbal agreements. This agreement may be modified or amended only by a written instrument signed by the parties.

Approved and Agreed to on _____, by and between Strategic Government Resources and the City of Abilene.

Robert Hanna, City Manager
City of Abilene, Texas

Wendle Medford, President
Interim, Embedded and Consulting Services
Strategic Government Resources

PROPOSAL FOR EXECUTIVE RECRUITMENT SERVICES

Police Chief
City of Abilene, Texas

Strategic Government Resources
P.O. Box 1642, Keller, Texas 76244
Office: 817-337-8581

JJ Peters, President of Executive Recruitment
JJPeters@GovernmentResource.com



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Company Profile

Strategic Government Resources, Inc. (SGR) exists to help local governments become more successful by Recruiting, Assessing, and Developing Innovative, Collaborative, and Authentic Leaders. SGR was incorporated in Texas in 2002 with the mission to facilitate innovative leadership in local government. SGR is fully owned by former City Manager Ron Holifield, who spent two high-profile decades in city management and served as a City Manager in several cities.

SGR's business model is truly unique. Although we are a private company, SGR operates like a local government association. Most of SGR's principals are former local government officials, allowing SGR to bring a perspective and depth of local government expertise to every project that no other firm can match.

SGR's Core Values are Customer Service, Integrity, Philanthropy, Continuous Improvement, Agility, Collaboration, Protecting Relationships, and the Golden Rule.

SGR is a full-service firm, specializing in executive recruitment, interim placements, online training, onsite training, leadership development, psychometric assessments, strategic visioning retreats, one-on-one employee coaching, and other consulting services.

SGR's services are designed to promote innovation, team building, collaboration, and continuous improvement in local governments. SGR has approximately 700 local government clients in 47 states for all of our business lines combined. SGR has been, and continues to be, a leader in spurring innovation in local government.

SGR has 39 full-time employees, 3 part-time employees, 21 recruiters, 20 facilitators and multiple consultants who function as subject matter experts on a variety of projects.

SGR has corporate headquarters in Texas, as well as virtual offices in California, Colorado, Florida, Maryland, Minnesota, New York, North Carolina, Ohio, Oklahoma, and Oregon.

View all SGR team members and bios at: <https://sgr.pub/MeetTeamSGR>

SGR's Unique Qualifications

Extensive Network of Prospects

SGR is intent on being a leader in executive recruitment, and we believe it is imperative to be proactive in our mission to build a workforce that represents the communities we serve. SGR reaches an extensive and diverse pool of applicants by utilizing our unequaled network of prospects.

- Your position will be announced in SGR's Servant Leadership e-newsletter that reaches over 43,000 subscribers in all 50 states.
- We will send targeted emails to over 9,000 opt-in subscribers to SGR's Police Job Alerts.
- Your position will appear on SGR's Website, <https://sgr.pub/SGRWebsite>, which has approximately 20,000 visitors per month.
- Your position will be posted to SGR's Job Board, <https://sgr.pub/SGRJobBoard>, which averages nearly 10,000 unique visitors per month and has more than 1,600 jobs listed at any given time.
- SGR provides a comprehensive social media marketing campaign that includes custom-made graphics and distribution on Facebook, Twitter, Instagram, and LinkedIn.
- SGR frequently partners with local government associations including League of Women in Government, Local Government Hispanic Network, and the National Forum for Black Public Administrators.
- Approximately 65% of semifinalists selected by our clients learned about the open recruitments through our website, servant leadership e-newsletter, job board, job alert emails, social media, or personal contact.

Collective Local Government Experience

Our recruiters have years of experience in local government, as well as regional and national networks of relationships. The executive recruitment group works as a team to leverage their networks to assist with each recruitment. SGR team members are active on a national basis in local government organizations and professional associations. Many SGR team members frequently speak and write on issues of interest to local government executives. SGR can navigate all relevant networks as both a peer and insider.

Equal Opportunity Commitment

SGR strongly believes in equal employment opportunity. SGR does not discriminate and believes that equal opportunity is an ethical issue. SGR will not enter an engagement with an entity or organization that directs bias or expects bias to be demonstrated on any basis other than factors that affect the ability of the candidate to do the job. SGR will make a serious and sincere effort to encourage qualified applicants from underrepresented demographic groups to apply. Although SGR cannot guarantee the makeup of the semifinalist or finalist groups, SGR has relationships and contacts nationwide to encourage the meaningful participation of

underrepresented minority groups, and we continue to evaluate and improve our processes by embedding a lens of equity and inclusion into our recruitment practices.

Listening to Your Unique Needs

SGR devotes significant time to actively listening to your organization and helping you define and articulate your needs. We work hard to conduct a comprehensive recruitment that is unique to you. SGR dedicates a prodigious amount of energy to understanding your organization's unique culture, environment, and local issues to ensure a great fit regarding values, philosophy, and management style perspectives.

Trust of Candidates

SGR has a track record of providing remarkable confidentiality and wise counsel to candidates and next generation leaders. We have earned their trust. As a result, SGR is able to bring exceptional prospects to the applicant pool. Candidates trust SGR to assess the situation well, communicate honestly, and maintain their confidentiality to the greatest extent possible.

Accessibility & Communication

Your executive recruiter is accessible throughout the recruitment process and can be reached at any time by candidates or clients via cell phone or email. In addition, the recruiter communicates with active applicants on a weekly basis to keep the applicants informed about the community and opportunity.

Comprehensive Evaluation and Vetting of Candidates

SGR offers a screening process that ensures a detailed understanding of candidate backgrounds and prevents surprises. Our vetting process includes:

- Prescreening questions and technical review of resumes
- Cross communication between our recruiters about candidates who have been in previous searches for greater understanding of background and skills
- Comprehensive written questionnaires to gain insights beyond what is available through a resume
- Online pre-recorded video interviews that allow search committee members to view candidates in an interview setting prior to the finalist recruitment stage
- All-inclusive media reports that far surpass automated Google/LexisNexis searches, customized to each candidate based on where they have lived and worked
- Thorough automated, anonymous reference checks that provide details on candidates' soft skills from an expansive group of references
- Psychometric assessments (supplemental cost)
- Comprehensive background checks completed by a licensed private investigation firm
- Advanced exercise for finalist candidates, customized to the organization

View a full list of our Executive Recruitment Clients at: <https://sgr.pub/ERClientList>

Scope of Work & Methodology

A full-service recruitment typically entails the following steps:

- 1. Organizational Inquiry and Analysis**
 - Development of Recruitment Plan and Timeline
 - Individual Interviews with Key Stakeholders
 - Creation of Position Profile Brochure
- 2. Advertising and Marketing, Communication with Applicants and Prospects**
- 3. Initial Screening and Review**
- 4. Search Committee Briefing to Facilitate Selection of Semifinalists**
- 5. Evaluation of Semifinalist Candidates**
 - Written Questionnaires
 - Recorded Online Interviews
 - Media Searches - Stage 1
- 6. Search Committee Briefing to Facilitate Selection of Finalists**
- 7. Evaluation of Finalist Candidates**
 - Comprehensive Media Searches - Stage 2
 - Comprehensive Background Investigation Reports
 - DiSC Management Assessments (supplemental service)
 - First Year Game Plan or Other Advanced Exercise
- 8. Interview Process**
 - Face-to-Face Interviews
 - Stakeholder Engagement (may occur earlier in process)
 - Deliberations
 - Reference Checks (may occur earlier in process)
- 9. Negotiations and Hiring Process**
 - Determination of Terms of an Offer
 - Negotiation of Terms and Conditions of Employment
 - Press Release (if requested)

Step 1: Organizational Inquiry and Analysis

Development of Recruitment Plan and Timeline

SGR will meet with the client at the outset of the project to finalize the recruitment plan and timeline. At this time, SGR will also request that the client provide us with photos and information on the community, organization, and position to assist us in drafting the position profile brochure.

Individual Interviews with Key Stakeholders

SGR devotes tremendous energy to understanding your organization's unique culture, environment, and goals to ensure you get the right match for your particular needs. Fully understanding your organizational needs is the most critical part of conducting a successful executive recruitment. In consultation with the Search Committee, SGR will develop a list of individuals to meet with about the position. These interviews identify issues that may affect the dynamics of the recruitment, as well as develop a composite understanding of the position, special considerations, and the political environment. This process helps with organizational buy-in and will assist us in developing the position profile.

Development of Position Profile Brochure

Following the individual interviews, SGR will develop a draft position profile brochure that is reviewed and revised in partnership with your organization until we are in agreement that it accurately reflects the sought-after leadership and management characteristics.

To view sample recruitment brochures, please visit:

<https://sgr.pub/OpenRecruitments>

Step 2: Advertising and Marketing, Communication with Applicants and Prospects

Advertising and Marketing

The Executive Recruiter and client work together to determine the best ways to advertise and recruit for the position. SGR's Servant Leadership e-newsletter, where your position will be announced, reaches over 43,000 subscribers in all 50 states. We will also send targeted emails to our opt-in Job Alerts subscriber database of over 9,000 law enforcement professionals. Your position will be posted on SGR's Website, <https://sgr.pub/SGRWebsite>, and on SGR's Job Board, <https://sgr.pub/SGRJobBoard>. SGR provides a comprehensive social media marketing campaign that includes custom-made graphics and distribution on Facebook, Twitter, Instagram, and LinkedIn. SGR reaches a broad community of over 14,600 LinkedIn followers and over 2,600 Facebook followers. Ads are also typically placed in various state and national publications, targeting the most effective venues for reaching qualified candidates for that particular position.

Communication with Prospects

SGR communicates with interested prospects on ongoing basis during the recruitment process. Outstanding prospects often will not submit a resume until they have done considerable homework on the available position. A significant number of inquiries will be made, and it is essential that the executive search firm be prepared to answer those questions with fast, accurate, and complete information, and in a warm and personal manner. This is one of the first places a prospective candidate will develop an impression about the organization, and it is an area in which SGR excels.

Communication with Active Applicants

Handling the flow of resumes is an ongoing and significant process. On the front end, it involves tracking resumes and promptly acknowledging their receipt. It also involves timely and personal responses to any questions or inquiries. SGR communicates frequently with applicants to ensure they stay enthusiastic and informed about the opportunity. SGR sends weekly updates to active applicants regarding the organization and community.

Step 3: Initial Screening and Review

SGR uses a triage process to identify high-probability, medium-probability, and low-probability candidates. The triage ranking is focused on overall assessment based on interaction with the applicant, qualifications, any known issues regarding previous work experience, and evaluation of cultural fit with the organization.

In contrast with the triage process described above, which focuses on subjective assessment of the resumes and how the candidates present themselves, we also evaluate each candidate to ensure that the minimum requirements of the position are met and determine which preferred requirements are met. This sifting process assesses how well candidates' applications fulfill the recruitment criteria outlined in the Position Profile.

Step 4: Search Committee Briefing / Selection of Semifinalist Candidates

At this briefing, SGR will provide a comprehensive progress report and facilitate the selection of up to 12 semifinalists. The presentation will include summary information on the process so far, the candidate pool overall, and any trends or issues, as well as a briefing on each candidate and their credentials.

Step 5: Evaluation of Semifinalist Candidates

Reviewing resumes is an important and valuable step in the executive recruitment process. However, resumes can be misleading. Resumes fail to disclose the individual's personal qualities and his or her ability to get along with other people. Resumes can also exaggerate or inflate accomplishments and experience. SGR's responsibility is to go deeper than the resume to ensure that those candidates who continue in the process are truly outstanding. SGR's goal is

to have a clear understanding of the person behind the resume and what makes them an outstanding prospect for you. The evaluation of semifinalist candidates includes follow-up when appropriate to ask any questions about underlying issues.

Written Questionnaires

SGR will ask semifinalist candidates to complete a comprehensive written exercise designed to provide greater insight into candidate thought processes and communication styles. SGR's written instrument is custom designed around the priorities identified by the Search Committee and usually includes questions focusing on key areas of particular interest to the client. This written instrument will be included in the semifinalist briefing book along with cover letters and resumes submitted by the candidates.

Recorded Online Interviews

SGR will ask semifinalist candidates to complete online interviews. This provides a very insightful, efficient and cost-effective way to gain additional insights to utilize in selecting finalists you want to invite for an onsite interview. The recorded online interviews allow the Search Committee to evaluate technological competence, demeanor, verbal communication skills, and on-camera presence. Online interviews also convey to candidates that the organization is using leading edge technology in its business processes and provide an opportunity for the Search Committee to ask candidates questions on specific topics of special interest. Links to view the online interviews are emailed to the Search Committee members for viewing at their convenience prior to selection of finalist candidates.

Media Searches - Stage 1

"Stage 1" of our media search process involves the use of the web-based interface Nexis Diligence™. This platform is an aggregated subscription-based platform that allows access to global news, business, legal, and regulatory content. These media reports at the semifinalist stage have proven helpful by uncovering issues that may not have been previously disclosed by prospective candidates. The recruiter will communicate any "red flags" to the Search Committee immediately upon discovery.

Step 6: Search Committee Briefing / Selection of Finalist Candidates

Prior to this briefing, SGR will provide each member of the Search Committee with a briefing book on the semifinalist candidates. The briefing book includes cover letters, resumes, and completed questionnaires. The link to view the online interviews is emailed separately to Search Committee members. The purpose of this briefing is to facilitate narrowing the list to up to 5 finalists who will be invited for personal interviews.

Step 7: Evaluation of Finalist Candidates

Comprehensive Media Searches - Stage 2

"Stage 2" of our media search process includes the web-based interface Nexis Diligence™ along with Google as a supplementary tool. By utilizing both, we can provide our clients with an

enhanced due diligence process to help vet potential candidates in an efficient and comprehensive manner, which reduces the risk of overlooking important information.

The Stage 2 media search consists of a more complex search, which also includes social media platforms, and has proven helpful in analyzing possible adverse news about the candidate by uncovering issues that may not have been previously disclosed by the candidate. The media search gives the Search Committee an overview of the type and extent of press coverage that a candidate has experienced over the course of their career. View a sample media report at: <https://sgr.pub/SGRMediaReport>.

Comprehensive Background Investigation Reports

Through SGR's partnership with a licensed private investigation firm, we are able to provide our clients with comprehensive background screening reports that include the detailed information listed below. View a sample background report at: <https://sgr.pub/SGRBackgroundReport>.

- Social Security number trace
- Address history
- Driving history/motor vehicle records
- Credit report (if desired)
- Federal criminal search
- National criminal search
- County warrants and warrants for previous 10 years
- Global homeland security search
- Sex offender registry search
- State criminal search (for current and previous states of residence)
- County civil and criminal search (for every county in which candidate has lived or worked) for previous 10 years
- Education verification
- Employment verification (if desired)
- Military verification (if desired)

DiSC Management Assessments (supplemental service)

SGR uses a DiSC Management assessment tool, which is among the most validated and reliable personal assessment tools available. The DiSC Management assessment analyzes and reports comprehensively on the candidate's preferences in five vital areas: management style, directing and delegating, motivation, development of others, and working with his/her own manager. View a sample report at: <https://sgr.pub/SGRDiSCReport>. For assessments of more than two candidates, a DiSC Management Comparison Report is included, which provides a side-by-side view of each candidate's preferred management style. View a sample comparison report at: <https://sgr.pub/SGRDiSCCompare>.

First Year Game Plan or Other Advanced Exercise

SGR will work with your organization, if desired, to develop an advanced exercise for the finalist candidates. One example of such an exercise is a “First Year Game Plan,” a process where finalist candidates are provided with the contact information for elected officials, key staff, and community leaders and then given free rein to make contact with all of them in advance and use those insights to develop a “first year game plan” based on what they know so far. Feedback is received from the key contacts on their impressions of the finalist candidates from the interactions with the candidates prior to the interviews. This exercise provides the opportunity to evaluate candidates’ written and interpersonal communication skills, as well as critical analysis skills.

Step 8: Interview Process

Face-to-Face Interviews

SGR will schedule interviews at a date/time convenient to your organization. This process can be as simple, or as complex, as your organization desires. SGR will help you determine the specifics and assist in developing the interview schedule and timeline. SGR will prepare sample interview questions and will participate throughout the process to make it smooth and efficient.

Stakeholder Engagement

At the discretion of the Search Committee, we will work closely with your organization to engage stakeholders in the recruitment process. Our recommendation is that we design a specific stakeholder engagement process after we learn more about the organization and the community. Different approaches work best in different communities. We will collaborate with your organization to determine which option, or combination of options, will be the most effective for the unique needs of the organization.

- Stakeholder survey (supplemental service, can be provided at an additional cost)
- Interviewing community leaders at the outset of the recruitment;
- Holding a public forum for citizen engagement at the outset of the recruitment;
- Community leader reception;
- Meet and greet;
- Search Committee and key community leader dinner meeting;
- “Round Robin” forum meetings with various community groups during a multi-day interview process.

Deliberations

SGR will facilitate a discussion about the finalist interviews and assist the Search Committee in making a hiring decision or in deciding whether to bring back one or more candidates for a second interview.

Reference Checks

SGR uses a progressive and adaptive automated reference check system to provide insights on candidates' soft skills from a well-rounded group of references. References may include elected officials, direct supervisors, direct reports, internal organizational peers, professional peers in other organizations, and civic leaders. SGR's reference check platform is anonymous, which is proven to encourage more candid and truthful responses, in turn providing organizations with more meaningful and insightful information on candidates. SGR provides a written summary report to the organization once all reference checks are completed. The timing of reference checks may vary depending on the specific search process and situation. If the names of the finalists are made public prior to interviews, SGR will typically contact references prior to the interview process. If the names of the finalists are not made public prior to interviews, SGR will typically wait until the organization has selected its top candidate before calling references in order to protect candidate confidentiality.

Step 9: Negotiations and Hiring Process

Determine the Terms of an Offer

Upon request, SGR will provide appropriate employment agreement language and other helpful information to assist you in determining an appropriate offer to extend to your candidate of choice.

Negotiate Terms and Conditions of Employment

SGR will assist to whatever degree you deem appropriate in conducting negotiations with the chosen candidate. SGR will determine and define any special needs or concerns of the chosen candidate, including anything that could be a complicating factor. SGR is experienced and prepared to help craft win-win solutions to negotiation "log-jams."

Press Release (if requested)

Until you have "sealed the deal," you should be cautious in order to avoid the embarrassment of a premature announcement that does not work out. It is also best practice to notify all senior staff and unsuccessful candidates before they read about it in the newspaper. SGR will assist with this coordination and with drafting any announcements or press releases.

Satisfaction Surveys

SGR is committed to authentically following the golden rule by providing prompt, professional and excellent communication and always treating every client with honor, dignity and respect. We ask clients and candidates to complete a brief and confidential survey after the completion of their recruitment. This helps us strive to continuously improve our processes and meet the changing needs of the workforce.

Supplemental Service: Post-Hire Team Building Workshop

SGR can provide a customized team building workshop after you hire for the position. SGR utilizes I-OPT, which is a validated measurement tool that shows how a person perceives and processes information. Because people “see” different things when they assess a situation, they are motivated to take various courses of action, so understanding you and your colleagues’ I-OPT Profiles will enable you to work much more effectively as a team. This service can be provided at an additional cost. View sample I-OPT reports at: <https://sgr.pub/SampleIOPT>.

Projected Schedule

Holidays may affect recruitment schedule.

Task	Weeks
- Contract Executed - Develop Recruitment Plan, Timeline <u>Individual Interviews with Key Stakeholders</u>	Week 1
<u>Deliverable</u>: Position Profile Brochure - Search Committee Reviews and Approves Brochure	Weeks 2-3
- Advertising and Marketing - Accept Applications - Communication with Prospects and Applicants	Weeks 4-7
Initial Screening and Review	Week 8
<u>Search Committee Briefing</u> / Select Semifinalists - Questionnaires and Recorded Online Interviews - Media Searches - Stage 1	Week 9
<u>Deliverable</u>: Semifinalist Briefing Books and Online Interviews	Week 10
<u>Search Committee Briefing</u> / Select Finalist Candidates	Week 11
- Comprehensive Media Searches - Stage 2 - Comprehensive Background Investigation Reports - DiSC Management Assessments (supplemental service) - First Year Game Plan or Other Advanced Exercise	Weeks 12-13
<u>Deliverable</u>: Finalist Briefing Books	Week 14
<u>Face-to-Face Interviews</u> - Stakeholder Engagement (may occur earlier in process) - Deliberations - Reference Checks (may occur earlier in process) - Negotiations and Hiring Process	Week 15

Recruitment Costs & Service Guarantee

Not-to-Exceed Price: **\$23,400** * (*reflects \$1,500 discount*)

* *Ad placement costs are not included in the Not-to-Exceed Price. Ad placement costs are estimated to be between \$1,750 and \$2,500 and shall be added to the total cost of services upon approval from the organization.*

Not-to-exceed price includes:

- **Professional Service Fee - \$18,500**
- **Expenses:**
 - **Position Profile Brochure & Marketing – No Charge** (*reflects \$1,500 discount*)
 - Production of a professional position profile brochure
 - Custom-designed graphics for social media and email marketing
 - Announcement in SGR's 10 in 10 Leadership and Innovation e-newsletter
 - Two (2) email blasts to SGR's opt-in Job Alert subscribers for the relevant job category
 - Featured job placement on SGR's website
 - Featured ad on SGR's job board
 - Promotions on SGR's social media pages – Facebook, Twitter, LinkedIn, and Instagram
 - **Semifinalist Recorded Online interviews** for up to twelve (12) semifinalists - **\$225 each**
 - **Comprehensive Media Reports** for up to five (5) finalists - **\$500 each**
 - **Comprehensive Background Investigation Reports** for up to five (5) finalists - **\$400 each**
 - **Comprehensive Reference Checks** with individual reports for up to five (5) finalists - **\$225 each**
 - **Up to two (2) multi-day onsite visits** by one Recruiter to the Organization, for up to 2 and 1/2 days per visit. Meals are billed back at a per diem rate of \$15 for breakfast, \$20 for lunch, and \$30 for dinner. Mileage will be reimbursed at the current IRS rate. All other travel-related expenses are billed back at actual cost, with no markup for overhead. *Travel will be dependent on COVID restrictions in place at the time and take into consideration the health and safety of team members of both SGR and the Organization.*

Reimbursable Expenses

- **Ad placements, as approved by the organization, will be billed back at actual cost with no markup for overhead.**

Supplemental Services

The supplemental services listed below are not included in the not-to-exceed price:

- Additional online interviews (over and above the twelve (12) included in the not-to-exceed price above) are offered for \$225 per candidate.
- Additional comprehensive media reports (over and above the five (5) included in the not-to-exceed price above) are offered for \$500 per candidate.
- Additional background investigation reports (over and above the five (5) included in the not-to-exceed price above) are offered for \$400 per candidate.
- Additional reference checks (over and above the five (5) included in the not-to-exceed price above) are offered for \$225 per candidate.
- There is a cost of \$175 per candidate for the DiSC Management Profile.
- Semifinalist and finalist briefing materials will be provided to the search committee via an electronic link. Should the organization request printing of those materials, the reproduction and shipping of briefing materials will be outsourced and be billed back at actual cost.
- Additional onsite visits (over and above the two (2) onsite visits included in the not-to-exceed price above) by one Recruiter will be billed over and above the not-to-exceed price. Travel and onsite time will be billed at a professional fee (per recruiter) of \$1,000 per half-day and \$1,500 per full day. Meals are billed back at a per diem rate of \$15 for breakfast, \$20 for lunch, and \$30 for dinner. Mileage will be reimbursed at the current IRS rate. All other travel-related expenses are billed back at actual cost, with no markup for overhead.
- Candidates are reimbursed directly by the organization for travel expenses.
- SGR will conduct a Stakeholder Survey for \$1,000. SGR provides recommended survey questions and sets up an online survey. Stakeholders are directed to a web page or invited to take the survey by email. A written summary of results is provided to the organization.
- A half-day onsite post-hire team building workshop is offered for \$4,000, plus travel expenses and \$150 per person for I-OPT reports.
- If the organization desires any supplemental services not mentioned in this section, an estimate of the cost and hours to be committed will be provided at that time, and no work shall be done without approval.

Billing

The professional service fee for the recruitment is billed in three equal installments during the course of the recruitment. The initial installment is billed after the position profile brochure has been created. The second installment is billed after semifinalists are selected. The final installment is billed at the conclusion of the recruitment. Expenses and supplemental services will be billed with each of the three installments, as appropriate.

Service Guarantee

SGR guarantees that you will be satisfied with the results of the full service recruitment process, or we will repeat the entire process one additional time and charge only for expenses. Additionally, if you select a candidate (that SGR has fully vetted) who resigns or is released within 18 months of their hire date, SGR will repeat the process one additional time and charge only for expenses. If the organization circumvents SGR's recruitment process and selects a candidate who did not participate in the full recruitment process, the service guarantee is null and void. We also guarantee that we will not directly solicit a candidate we bring to you for another job.

Police Recruitments, 2018-Present

In Progress

- Aspen, CO (pop. 7,700) - Police Chief
- Brownfield, TX (pop. 9,000) - Chief of Police
- Chamblee, GA (pop. 30,000) - Police Chief
- East Windsor, CT (pop. 11,000) - Chief of Police
- El Paso, TX (pop. 678,000) - Police Chief
- Hutchinson, KS (pop. 40,000) - Police Chief
- Melissa, TX (pop. 23,000) - Police Chief
- The Colony, TX (pop. 44,000) - Assistant Police Chief

2023

- Celina, TX (pop. 32,000) - Assistant Chief of Police *
- Commerce City, CO (pop. 62,000) - Chief of Police
- Gatesville, TX (pop. 16,000) - Police Chief
- Liberal, KS (pop. 19,000) - Chief of Police
- Mineral Wells, TX (pop. 15,000) - Police Chief
- Westminster, CO (pop. 119,000) - Police Chief

2022

- Alvarado, TX (pop. 5,000) - Chief of Police *
- Cary, NC (pop. 179,000) - Chief of Police
- Eagle, CO (pop. 8,000) - Chief of Police
- Eagle Pass, TX (pop. 28,000) - Police Chief
- Fort Smith, AR (pop. 90,000) - Deputy Director of Police Administrative Services *
- Georgetown, TX (pop. 77,000) - Police Chief
- Glenpool, OK (pop. 14,000) - Police Chief *
- Greeley, CO (pop. 108,000) - Chief of Police
- Lago Vista, TX (pop. 8,000) - Police Chief
- Montgomery, AL (pop. 200,000) - Chief of Police *
- Richardson, TX (pop. 120,000) - Police Captain
- Rowlett, TX (pop. 73,000) - Police Chief
- San Antonio Independent School District, TX - Deputy Chief of Police
- Wethersfield, CT (pop. 26,000) - Police Chief

2021

- Alice, TX (pop. 20,000) - Police Chief
- Bedford, TX (pop. 49,000) - Police Chief
- Celina, TX (pop. 28,000) - Police Chief *
- Del Rio, TX (pop. 35,000) - Police Chief
- Edinburg, TX (pop. 100,000) - Chief of Police
- Ennis, TX (pop. 20,000) - Police Chief
- Fort Worth, TX (pop. 900,000) - Chief of Police
- Kansas City, KS (pop. 153,000) - Police Chief *
- Memorial Villages Police Department (pop. 12,000) - Commander *
- Mesquite, TX (pop. 145,000) - Police Chief
- New Braunfels, TX (pop. 90,000) - Police Chief
- Waco, TX (pop. 140,000) - Police Chief

2020

- Abilene, TX (pop. 120,000) - Chief of Police
- Amarillo, TX (pop. 199,000) - Police Chief
- Anna, TX (pop. 15,000) - Police Chief *
- Argyle, TX (pop. 4,000) - Police Chief
- Bullard, TX (pop. 4,000) - Police Chief
- Plainview, TX (pop. 22,000) - Chief of Police *
- Round Rock Independent School District, TX - Police Chief
- Shawnee, KS (pop. 66,000) - Police Chief *
- Temple, TX (pop. 89,000) - Police Chief
- Victoria, TX (pop. 67,000) - Chief of Police

2019

- Ann Arbor, MI (pop. 121,000) - Police Chief
- Bainbridge Island, WA (pop. 24,000) - Police Chief
- Denison, TX (pop. 24,000) - Chief of Police
- Fort Smith, AR (pop. 90,000) - Police Chief *
- Lubbock, TX (pop. 250,000) - Police Chief
- Olathe, KS (pop. 142,000) - Police Chief
- Plano, TX (pop. 284,000) - Police Chief *
- Princeton, TX (pop. 12,000) - Police Chief
- Sunnyvale, TX (pop. 6,000) - Police Chief

2018

- Angleton, TX (pop. 20,000) - Police Chief
- Arvada, CO (pop. 117,000) - Police Chief
- Boynton Beach, FL (pop. 74,000) - Chief of Police
- Eugene, OR (pop. 165,000) - Police Chief
- Fort Smith, AR (pop. 90,000) - Deputy Director-Police Administrative Services *
- Snyder, TX (pop. 11,000) - Police Chief

** Search was conducted utilizing SGR's Marketing & Application Management Package (limited scope recruitment)*

Agreement with Strategic Government Resources (SGR)





**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Robert Hanna, City Manager

FROM: Tim Littlejohn, Director of Planning & Development Services

SUBJECT: 8. **Resolution:** Receive a Report, Hold a Discussion and Take Action on Approval of Single-Family Rehabilitation/Reconstruction Program Budget with HOME Program Funds for 5314 Durango Drive *(Tim Littlejohn)*

GENERAL INFORMATION

Neighborhood Services (NS) is seeking Council approval of a Resolution in support of a HOME-funded Single-Family Rehabilitation/Reconstruction Program project located at 5314 Durango Drive. The Single-Family Rehabilitation/Reconstruction Program is an eligible program under the HOME program which requires that the home being improved meet local building codes. The Single-Family Rehabilitation/Reconstruction Program is discussed in both the FY 2020-2024 Consolidated Plan and the FY 2022/2023 Action Plan that strategically addresses the City's goals and objectives for housing and community development over the course of a five-year period.

SPECIAL CONSIDERATIONS

Of particular importance to the health of the City have been programs that address the condition of the housing stock. There is an extensive need for rehabilitation programs in Abilene targeting the improvement of the City's oldest housing stock. Neighborhood Services has successfully funded housing rehabilitation activities throughout the City of Abilene. The Single-Family Rehabilitation/Reconstruction Program provides assistance to owner-occupied, single-family housing to facilitate needed repairs which have not been affected by current or previous owners. HOME funds continue to be used to help meet the demand for decent, safe and affordable housing, homelessness, and other special needs.

FUNDING/FISCAL IMPACT

There will be no local budgetary impacts. The project cost of \$74,358 is to be funded using FY 2022/2023 HOME Entitlement of \$500,253.

STAFF RECOMMENDATION

Staff recommends approval of the attached Resolution approving the Single-Family Rehabilitation/Reconstruction Program Project located at 5314 Durango Drive with Rick's Construction.

BOARD OR COMMISSION RECOMMENDATION

ATTACHMENTS:

1. 5314 Durango Drive Resolution SFR-Recon Project
2. CB-2339 TABSHEET
3. AGREEMENT
4. Council. PP

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL, OF THE CITY OF ABILENE, TEXAS,
AUTHORIZING A SINGLE-FAMILY REHABILITATION/RECONSTRUCTION PROJECT
WITH FY 2022/2023 HOME FUNDS

WHEREAS, As an entitlement city receiving funds from the U.S. Department of Housing and Urban Development (HUD), the City of Abilene receives Community Development Block Grant Funds (CDBG) and HOME Investment Partnership Funds (HOME); and

WHEREAS, the primary objective of the HOME Program is to expand the supply of decent, safe, sanitary, and affordable housing for very low income and low income individuals. Consistent with that primary objective, the Federal assistance provided in the Community Development Program is for the support of the community development goals, objectives, and strategies which are eligible under applicable regulations; and

WHEREAS, of particular importance to the health of the City, have been programs that address the condition of the housing stock; and

WHEREAS, there is an extensive need for Rehabilitation programs in Abilene targeting the improvement of the City's oldest housing stock. City has successfully funded housing Rehabilitation activities targeting lower income and elderly households unable to properly maintain their homes. The Single-Family Rehabilitation/Reconstruction Program provides assistance to owner-occupied, single-family households to facilitate needed repairs which have not been affected by current or previous owners. Homes that meet the eligibility factors for a Rehabilitation Project have been declared substandard by both HUD and the City of Abilene Building Standards. HOME funds continue to be used to help meet the demand for decent, safe, affordable housing, homelessness, and other special needs; and

WHEREAS, the City received bids on April 6, 2023 for the Single-Family Rehabilitation/Reconstruction Project located at 5314 Durango Drive with the lowest bid being received from Rick's Construction in the amount of \$74,358.

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

Part 1. That the FY 2022/2023 Single-Family Rehabilitation/Reconstruction Program project at 5314 Durango Drive funded by the HOME Program in the amount of \$74,358 is hereby approved.

Part 2. That the financial assistance authorized by the Community Development Block Grant and HOME Programs referred to above, is required to enable the City of Abilene to carry on appropriate community development activities, directed toward meeting the stated objectives of the program.

Part 3. That the City Manager, or his designee, of the City of Abilene, Texas is hereby authorized to sign said application and any and all appurtenant documents on behalf of the City.

Part 4. That this resolution shall take effect immediately from and after its passage.

ADOPTED this April 27th, day of 2023.

ATTEST:

CITY SECRETARY

MAYOR

APPROVED:

CITY ATTORNEY

CITY OF ABILENE PURCHASING DIVISION TABULATION OF BIDS		PAGE 1 OF 1
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DEPARTMENT: ONS
BID NO.: CB-2339
TIME OF OPENING: 11:00 A.M.
DATE OF OPENING: APRIL 6, 2023

C.E. VANN CONSTRUCTION
ABILENE, TX

ITEM	DESCRIPTION	QTY	UNIT	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION
1.	SINGLE FAMILY RECONSTRUCTION PROJECT – 5314 DURANGO				74,358.00		74,500.00		116,358.00						
BASE BID					74,358.00		74,500.00		116,358.00						
DISCOUNT															
TOTAL BID					74,358.00		74,500.00		116,358.00						

*NOTES: INDICATES RECOMMENDED AWARD

HOME PROGRAM AGREEMENT BETWEEN CITY OF ABILENE, APPLICANT FOR SINGLE FAMILY REHABILITATION PROGRAM AND CONTRACTOR

This Agreement is between the City of Abilene ("City"), and applicant for the single family rehabilitation program, **YVONNE BROWN** (hereinafter "Homeowner" whether one or more persons), and **RICK MARTINEZ DBA RICK'S CONSTRUCTION**. ("Contractor"). This Agreement applies only to the dwelling unit located at **5314 DURANGO DRIVE, ABILENE, TX 79605-1315** "Property").

I. Purpose

The HOMEOWNER desires to make certain home improvements or home repairs of a real property located at **5314 DURANGO DRIVE, ABILENE, TX**, per Plans and Specifications, and General Specifications. The work to be done includes, general rehabilitation and/or, if applicable, lead abatement. Contractor has agreed to perform the improvements or repairs per specifications.

II. Term

In consideration of the assistance described herein, Homeowner agrees to comply with each of the responsibilities detailed below. The duration of this Agreement is fifteen (15) years from the date of completion of rehabilitation work and runs concurrently with the affordability period and deed of trust.

III. The Contract Documents

The Contract Documents consist of this Agreement, Contractor's Bid and Proposal, Conditions of Bid, Specifications, Schedules, and all Addenda issued prior to execution of this Agreement, and all authorized modifications issued following such execution. These documents constitute the Agreement between Homeowner, Contractor, and the City, and said documents are hereby incorporated by reference and are fully a part of the Contract as if attached to this Agreement or repeated herein.

IV. References to Parties

Contractor and Contractor's employees are not the agents, servants, or employees of the City. All rights conferred upon the respective parties and all agreements herein undertaken to be performed by them respectively shall inure to the benefit of and be binding upon said parties and their heirs, executors, administrators, grantees, successors, and assigns.

VI. Use of HOME Program Funding

A. The HOME Program funding provided by the City is in the amount of \$74,358.00 as a partially deferred payment loan and an amortized payment loan, as reflected in Attachment A, Lien Release Schedule.

B. At the time Homeowner is approved for HOME Program assistance, Homeowner shall have an ownership interest in and occupy the Property to be rehabilitated as Homeowner's principal residence. Homeowner agrees to continue to occupy the Property as his/her principal residence for fifteen (15) years from the date of this agreement, the period of affordability.

C. The balance due on the forgiven deferred loan will decrease 1/180 monthly for a fifteen (15) year period beginning 04/28/2023 and ending 04/28/2038. This is the period of affordability.

D. Homeowner shall qualify as a low-income household with a gross household income that does not exceed 80% of the area median income as established by the U.S. Department of Housing and Urban Development for the Abilene area, adjusted for household size, and as updated annually.

E. The HOME Program assistance provided by the City shall be secured by a promissory note and recorded subordinate deed of trust (no lower than second position).

F. If, during the affordability period, the Homeowner sells or transfers title to the Property, rents or leases the Property, refinances the Property with cash-out, or if Homeowner no longer lives in the Property as his/her principal residence, all or part of the deferred payment loan will be due in an amount that shall be reduced pro-rata based upon the time (in full months) that the Homeowner has utilized the Property as his/her principal residence. However, in the event Homeowner sells the Property, if the net proceeds from the sale are less than the amount of HOME assistance due, the amount due shall be reduced in accordance with 24 CFR 92.254(a)(5)(ii)(A)(2). The amortized rehabilitation loan shall be due in full.

G. An exception to the loans becoming due as stated in paragraph F., above, may be made in the event the person having interest in the property is able to qualify under the requirements of the HOME Program and enters into an agreement with the City.

H. Housing rehabilitation work will provide general rehabilitation necessary to bring the Property into compliance with the City of Abilene's applicable building codes; the City's housing rehabilitation program standards; and applicable lead-based paint regulations (24 CFR 92.251 & 92.355). Rehabilitation work to be completed will be completed in accordance with the written work specification for the Property and fully executed and approved change orders. All codes, standards, and regulations noted are incorporated by reference.

I. 24 CFR 92.254 maximum after-rehab value of Property must not exceed the effective FHA Mortgage Limits for a single unit structure in Abilene metropolitan area.

J. The maximum rehab for the single-family house located at **5314 DURANGO DRIVE**, Abilene, TX is classified as modest housing and according to 24 CFR 92.250 HOME assistance in the amount of **\$74,358.00** does not exceed the Existing HOME Value Limits for the Abilene metropolitan area of \$184,000.

Estimated Start Date: **05/28/2023** Estimated Completion Date: **08/28/2023**

VI. Duties of Homeowner

A. Neither Homeowner nor any household member of Homeowner may engage in drug-related criminal activity, violent criminal activity, or felonious criminal activity. Any violation of this program obligation is grounds for default of this Agreement and will result in the repayment of the entire loan.

B. Homeowner has a right of rescission period that is described in the Notice of Right of Rescission, which is attached and incorporated for all purposes as part of this agreement.

C. Homeowner shall vacate the property of all belongings and personal effects as soon as possible, but before the expiration of 30-days from the date of execution of this agreement.

D. The duties of the Homeowner shall include, but are not limited to: review Specifications and execute this Agreement with Contractor, and associated documents; and accommodate schedules of Contractor and City to facilitate timely completion of rehabilitation work, inspections and contractor reimbursement.

E. Homeowner agrees to cooperate with the Contractor in making available utility services such as electricity, water, and gas, as may be reasonably necessary for the performance of the work as specified in the Contract Documents.

F. Homeowner must provide proof of Homeowner's Insurance Replacement Coverage and Flood Insurance Coverage (when applicable) for a period not less than fifteen (15) years from work completion date with amounts sufficient to cover all the debt secured by property and amount spent on the project.

G. Upon the completion of the project, if contractor repairs are necessary, Homeowner is responsible for contacting Contractor in accordance with the following procedures:

1. Homeowner must contact Contractor in writing, by certified mail return receipt requested, listing all repair problems.

2. Homeowner must send a copy of the letter to the City of Abilene Office of Neighborhood Services, (hereinafter ONS), P.O. Box 60, Abilene, Texas 79604 or bring it to the ONS office at 555 Walnut.

VII. Duties of Contractor

A. The Contractor shall perform all work required by the Contract Documents for the commencement and completion of the following: The construction of certain repairs and/or improvement to the residence located at **5314 DURANGO DRIVE, ABILENE TEXAS TAYLOR, COUNTY, TEXAS 79605-1315**; said improvements consisting of all "required items" listed on the Specifications and Contractor's Bid and Proposal, including all necessary and required work in connection therewith. Work is to be commenced and completed under the terms of this Agreement. The Contractor agrees to furnish, at his own cost and expense, all of the materials, supplies, machinery, equipment, tools, insurance, supervision, labor, and other accessories and services which are necessary to complete the construction project in accordance with the conditions, plans, specifications, and prices stated in the respective Contract Documents referred to in this Agreement.

B. Duties of the Contractor also include, but are not limited to: communicating with the Homeowner and the City regarding status of the work during the construction period; notifying the City in writing with justification delineating and supporting the need for any change order (including itemized cost information); completing any items identified on the final building inspection and ONS inspection; and adhering to warranties as specified under item VII. D. (4) of this Contract.

C. Contractor hereby agrees to complete this Project in a good and workmanlike manner, according to the Plans and Specifications agreed upon by the Parties, and according to all other Contract Documents mentioned in Article III of this Agreement. Contractor further agrees to employ only those reliable, workers and subcontractors who, to the best of his or her knowledge, are competent and skillful in the performance of the types of work required under this Contract. In compliance with 24 CFR 570.609, Contractor represents that at the time of execution hereof, Contractor and subcontractors (if any) are not listed on the HUD Disbarred Contractor's List or removed from the ONS Pre-Approved Contractors List. Contractor further agrees to discharge from the Project any workers, who are, in the Homeowner's opinion, incompetent, unreliable, or disorderly, when Homeowner provides Contractor with written notice of same. Such workers so discharged shall not be re-employed on the Project without Homeowner's written consent.

D. Warranties

For good and valuable consideration Contractor provides the following warranties:

- (1) Contractor is skilled and experienced in the type of work described herein;

- (2) Contractor possesses any and all permits or licenses required to do the work of the nature described herein, and that said permits or licenses are valid and current for a one (1) year period from the date of final acceptance of all work required by this contract;
- (3) That the material and workmanship conform to all documents described in Article III of this Agreement, at the time of final inspection; and,
- (4) Contractor will, at his own expense, correct any non-conformance with the Plans and Specifications and any defects in material or workmanship, for a period of one (1) year from the date of Homeowner's acceptance of the work. Contractor will complete said corrections within thirty (30) calendar days or reasonable amount of time as determined by the parties thereof after receipt from the Homeowner of written notice of such nonconformities or defects, and will do so in such a manner as to meet the conditions specified in the Contract Documents. This warranty shall extend to subsequent homeowners, if any, during the warranty period. The warranty shall provide that improvements, hardware and fixtures of whatever kind or nature are installed or constructed on the property by the Contractor are new and free from defects in material or workmanship. Contractor and Homeowner agree, however, that the warranty set forth in this paragraph shall apply only to such deficiencies and defects as to which Homeowner or subsequent Homeowners shall have given written notice to the Contractor, at Contractor's principal place of business, within one (1) year from the date of Homeowner's acceptance of the work.

Contractor's Initials

E. Defects in workmanship or material shall include, but shall not be limited to, the following:

- (1) all or part of the work which is unsuitable or not in conformity with the requirements of any applicable Building, Plumbing, Electrical, or other such code;
- (2) all or part of the work which does not conform to the Specifications or the intent thereof;
- (3) any material or materials brought onto the work site whether or not actually used in the work, which are unsuitable or not in conformity with the requirements of any City building code; and
- (4) any material or materials brought onto the work site, whether or not actually used in the work, which do not conform to the Specifications or the intent thereof.

The City building official or designee, or appropriate governmental authority shall have the power to determine whether any defects exist in material or workmanship of said project.

F. Breach of Warranty: Remedies

Should Contractor fail to fulfill or comply with any of the above warranties, such failure may be treated as a breach of warranty, and shall give rise to the following remedies on behalf of Homeowner;

- (1) recession of the Agreement and obtaining substitute performance, at Contractor's expense, or,
- (2) delay or withholding by Homeowner or Homeowner's agent of part or all of the Final Payment; or
- (3) any other remedy provided by law for breach of any applicable implied or expressed warranty or warranties.

G. Final Clean-Up

The Contractor shall remove from the work site any and all surplus or discarded materials, temporary structures, and debris of every kind; said Contractor shall leave the work site in a neat, orderly condition comparable to that which originally existed. Final clean-up shall be made upon completion of the work. Failure to finish final clean-up may, at the option of Homeowner, or Homeowner's agent, result in delay or withholding of final payment.

H. Risk of Loss

Contractor shall, at his own expense, bear the risk of loss arising from or related to any of the following:

- (1) failure of the work to be performed;
- (2) any additional costs associated with inclement weather conditions,
- (3) any unforeseen circumstances occurring during the work progress;
- (4) any unusual obstructions or difficulties which may be encountered in the process of the work; or,
- (5) labor and/or material price increases.

I. In the event Contractor fails to comply with this contract, ONS will take the necessary action to place Contractor on the HUD Disbarred Contractors list and remove Contractor from the ONS Pre-Approved Contractors List.

J. Contractor has notice of and agrees to the requirements of the "Section 3 Clause Notice", which is attached to this Agreement and incorporated for all purposes.

K. Lead Based Paint Products

Lead based paint removal is a dangerous task and safety precautions shall be strictly enforced when workers are engaged in hazardous abatement.

In compliance with 42 USC 4821-4846 and 24 CFR 35 of CDBG regulations, lead based paint products shall not be used.

L. Permits and Codes

Contractor agrees to acquire and pay for all necessary permits, licenses, bonds and registration required for Contractor's performance.

M. Contractor to Furnish Names and Addresses

As soon as practicable or before starting the project, the Contractor shall furnish to ONS the names and addresses of suppliers of materials, subcontractors and employees who will furnish labor and/or materials in value of excess of five hundred (\$500.00) dollars for purposes of performance under this Agreement. Contractor's failure to submit names and addresses of those parties who furnish materials and/or labor in excess of five hundred (\$500.00) dollars may result in withholding of any payment to Contractor under this Agreement.

Contractor must submit proof of payment affidavit and lien waiver from each person/entity so named before final payment will be made.

N. Licensing/Bonding

Contractor shall provide copies of licenses and bonds as required by state law or city ordinance.

VIII. Insurance

A. General Requirements

Contractor and Homeowner must maintain the type and amounts of insurance required in this contract throughout the term of the agreement. Contractor and Homeowner must provide a Certificate of Insurance evidencing the required coverage types and amounts before the Contract is signed. All policies are subject to examination and approval by the Homeowner and the City for their adequacy. This contract may be terminated if the Contractor fails to comply with all insurance requirements.

Insurance naming Homeowner and City as additional insured must be primary insurance and not contributing with any other insurance available to the Homeowner and/or City, under any third party liability policy.

B. Additional Requirements

The required liability insurances and their certificates must:

1. Name the Homeowner and City as an additional insured for operations under this contract.
2. Provide for 30 days advance written notice of cancellation or material change.

C. Types and Amounts of Insurance

The types of insurance required in this contract are those indicated by initials. If no initials appear on any of items 1 through 6, items 1 through 4 shall be required:

<u>Type</u>	<u>Amount</u>
___ 1. Workers' Compensation Employer's Liability	Statutory \$100,000
___ 2. Commercial (Public) Liability Includes, but not limited to: - Premises/Operations - Independent Contractors - Products/Completed Operations - Contractual Liability (Insuring above indemnity) And where the exposure exist - Explosion Collapse and Underground	\$500,000 combined single limit for bodily injury and property damage (per occurrence)
___ 3. Business Automobile Liability to include coverage for: - Owned/Leased Autos - Non-Owned Autos - Hired Cars	\$500,000 combined single limit for bodily injury and property damage (per occurrence)
___ 4. Professional Liability	\$500,000 combined single limit (per occurrence)
___ 5. See Addendum for Special Coverage and/or revisions	
___ 6. No Insurance Required	

2. Homeowner's insurance.

Homeowner shall insure the property against loss or damage to the extent of the original loan amount. The insurance must be approved by the City and shall name the City as Loan Loss Payee.

IX. Disbursement of Funds

- A. Funds will be disbursed on a reimbursement basis per payment schedule or percent completed of contracted amount, plus any change orders, less 10% retainage, according to the schedule found in Article X of this Agreement.

- B. During the course of work, partial or in-progress payments may be made. Upon a completion of an in progress rehabilitation, inspections by ONS and City building officials (if required), the Contractor may submit a Contractor Request for Payment, signed by the Homeowner and the ONS Inspector. Contractor must furnish fully executed and dated "Agreement to Indemnify, Certification of Payment, Release of Lien, Warranty" (hereinafter "Release of Lien")s for the specified amount(s) paid to him/her AND from all subcontractors receiving such partial or in-progress payments. ONS Inspector, Homeowner and Contractor will execute the Certification of Inspection.
- C. Upon completion of the rehabilitation work, retainage funds will be held for thirty (30) days. The Contractor will submit a final Contractor Request for Payment, signed by the Homeowner and the ONS Inspector in the amount of the 10% retainage. The ONS Inspector, Homeowner and Contractor will execute the final Certification of Inspection.

X. Contract Sum and Payment Schedule

The total contract cost is **SEVENTY-FOUR THOUSAND THREE HUNDRED FIFTY EIGHT DOLLARS AND 00/100 (\$74,358.00).**

The first payment shall not exceed 50% of the total rehabilitation cost or the amount of deferred payment loan funds, whichever is less. Upon completion of lead based paint abatement Contractor will be reimbursed for 100% of the costs in accordance with the requirements of Article IX. Rehabilitation payments will be scheduled as follows:

<u>% of Work Done</u>	<u>Projected Completion Date</u>	<u>Payment Amount</u>
1. Lead Abatement 100% of abatement cost		\$0
2. 50%	<u>05/27/2023</u>	<u>\$37,179.00</u>
3. 40%	<u>06/27/2023</u>	<u>\$29,743.20</u>
4. 10%	<u>07/27/2023</u>	<u>\$ 7,435.80</u>
	<u>07/27/2023</u> TOTAL	<u>\$74,358.00</u>

XI. Financing Arrangements--Security

Contractor and Homeowner understand and agree that City will require a security for interim financing of the loan, and that furnishing of security will entail the execution and assignment by Homeowner, Contractor or both of a Security Interest Agreement and Deed of Trust. Each party therefore agrees to execute without unreasonable delay any and all instruments, documents or assignments thereof, which may be necessary to secure interim or permanent financing of the project.

XII. Liability Assumption of Risk and Indemnity

The Contractor must indemnify, hold harmless, and defend the City and Homeowner from and against liability for any claims arising out of the Contractor's work and activities conducted in connection with this Contract.

The Contractor is an independent contractor and is not, with respect to its acts or omissions, an agent or employee of the City or Homeowner.

Contractor must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of Contractor's employees while in the vicinity where the work is being done. The City or Homeowner is not liable or responsible for the negligence or intentional acts or omissions of the Contractor or Contractor's employees.

The City assumes no responsibility or liability for damages which are directly or indirectly attributable to premise defects. Responsibility for all such defects is expressly assumed by the Contractor.

The City, Contractor and Homeowner must provide the other prompt and timely notice of any covered event which in any way affects or might affect any party. The City has the right to compromise and defend the same to the extent of its own interests.

BOTH CITY AND CONTRACTOR EXPRESSLY INTEND THIS CONTRACT'S INDEMNITY PROVISION TO REQUIRE CONTRACTOR TO INDEMNIFY AND PROTECT THE CITY FROM THE CONSEQUENCES OF THE CITY'S OWN NEGLIGENCE WHILE CITY IS PARTICIPATING IN THIS CONTRACT, WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE OF THE DAMAGES. THIS CONTRACT'S INDEMNITY PROVISION DOES NOT APPLY TO ANY CLAIM WHERE DAMAGE IS PROVEN TO RESULT FROM THE SOLE NEGLIGENCE OF THE CITY.

XIII. Lien

- A. In the event liens are filed against this property, Contractor agrees that Homeowner or the City has the option to withhold payment until any and all liens are released or satisfied. Final payment shall not be due until Contractor has delivered to Homeowner and the City release of all liens, if any, filed on this property arising out of performance by any Contractor, subcontractor, agent, employee, or supplier. Contractor shall provide a receipt in full covering all labor and materials for which a lien could be filed, or a satisfactory bond indemnifying Homeowner and the City against any lien.
- B. If a suit is brought upon any lien filed on the property, then Homeowner or City, may recover the amount of judgment and costs, including reasonable attorney's fees, from Contractor.

C. If any costs or liens against this property arise after Contractor has been paid, then Homeowner may recover from Contractor the amounts for which Contractor is liable.

XIV. Property Standards

A. All rehabilitation work will be completed in compliance with the City's adopted property standards and all applicable written local building and property codes and standards.

B. Housing rehabilitation assistance will only be provided to cover the cost of rehabilitation necessary to bring the property in compliance with locally adopted, written building and property standards, rehabilitation program standards and applicable Federal and State building and property standards.

XV. Duties of City

A. Roles and responsibilities of the City include, but are not limited to: ensuring payment to Contractor as set forth in the rehabilitation contract, communication with the Homeowner and Contractor regarding all administrative procedures that affect completion of rehabilitation work; advising the Homeowner regarding city property standards, building code requirements, local property standards and housing rehabilitation standards which may affect the prioritization of work items; and documenting project files in compliance with all applicable HUD regulations.

B. Roles and responsibilities of the City, the Homeowner, and the Contractor are more specifically outlined in the ONS Single-Family Rehabilitation Program Guidelines, incorporated herein by reference.

C. Boycott of Israel. In accordance with Chapter 2270, Texas Government Code, a governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. The signatory executing this contract on behalf of company verifies that the company does not boycott Israel and will not boycott Israel during the term of this contract.

XVI. Written Agreement Provisions

A. Modification

Homeowner and Contractor expressly agree that no material changes or alterations in the description of work or price provided in this Agreement shall be made unless in writing and mutually agreed to by Contractor, Homeowner, and ONS.

B. Change orders may be authorized for necessary work items that were initially overlooked which could not be determined until the course of the rehabilitation work had

already begun. Change orders must be approved in writing by Homeowner, City ONS manager and department director prior to the commencement of the proposed changed work, in order for such costs to be reimbursable.

C. Change order risk shall be carried by Contractor.

D. Homeowners or Contractors with concerns about the administration or operation of the Rehabilitation Program should communicate these concerns to the Housing Counselor in writing. If concerns cannot be negotiated or resolved successfully between the parties, a party may request a decision from the Neighborhood Initiatives Manager. The program procedures may be found in the ONS Single-Family Rehabilitation Program Guidelines.

E. Homeowner agrees to abide by the HOME regulations as set forth in 24 CFR Part 92, which is incorporated as part of this agreement by reference. A copy of the regulation can be accessed at:

<http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/regs/finalrule.pdf>.

F. Equal Opportunities

Contractor and Homeowner agree to provide equal opportunity to all persons without discrimination as to race, color, creed, religion, national origin, sex, marital status, age, and status with regard to public assistance or disability.

G. Interpretation of Contract

In the event of any dispute, this Agreement shall be interpreted in accordance with Texas law.

XVII. Completion and Liquidated Damages

A. The commencement and completion dates are essential conditions of this Agreement. The work must begin as stated in the Notice to Proceed. The Contractor must proceed with the work at a rate of progress to ensure full completion within the contract time. The Contractor and the Homeowner expressly agree that the contract time for completing the work is a reasonable time as determined by the parties considering the average climactic and economic conditions and other factors prevailing in the locale. Because time is of the essence in this contract liquidated damages apply to its performance. For each working day that any work remains uncompleted after the final completion time as stated in the notice to proceed, the City may deduct the amount stated below from money due the Contractor:

1. If \$1.00 to \$25,000.00 is due to Contractor, the deduction amount will be \$10.00 per working day.

2. If \$25,001 or more is due to Contractor, the deduction amount will be \$15.00 per working day.

B. The sums of money deducted for failure to complete any portion of the work on time are not a penalty, but are reasonable liquidated damages, per working day, for defaulting on the contracted final completion date. The Homeowner and Contractor agree to fixed amounts because it is impractical and extremely difficult to ascertain actual damages that would be sustained. The Contractor or Contractor's surety must promptly pay any additional amounts if the amount the City withholds from money due the Contractor does not cover the amount of liquidated damages.

C. The City will not charge Contractor liquidated damages or any excess cost when Contractor has given prompt written notice to Homeowner and ONS prior to completion date, and ONS confirms the delay in completion of the work is due to:

1. any preference, priority or allocation order issued by ONS;
2. unforeseeable causes beyond the control and without the fault or negligence of Contractor, including acts of God, of the public enemy, of ONS or another contractor in the performance of a contract with ONS, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and abnormal and unforeseeable weather; or
3. any delays of subcontractors caused by the same occurrences listed in 2., above.

Executed this _____ day of _____, 2023.

Homeowner

YVONNE BROWN
Printed Name

This instrument was acknowledged before me on the _____ day of _____, 2023 by YVONNE BROWN

Notary Public, State of Texas

Rick Martinez

Contractor

#75-2633686

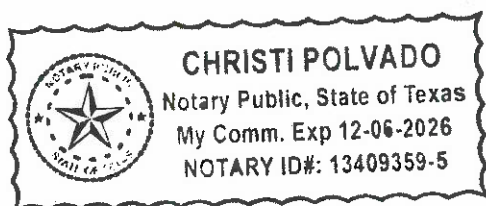
Federal Tax ID #

OWNER

Title

This instrument was acknowledged before me on the 17 day of

April, 2023 by RICK MARTINEZ



Christi Polvado
Notary Public, State of Texas

CITY OF ABILENE

City Manager

ATTEST:

City Secretary

APPROVED:

City Attorney



Neighborhood Services
City of Abilene
555 Walnut Street
P.O. Box 60
Abilene, Texas 79604-0060

Lien Release Schedule

Case # GL2020082501

YVONNE BROWN**Home Owners****5314 DURANGO DRIVE****Address**

Release of Lien Date	Yearly Reduction	Amount of Loan Reduction per Year	Anniversary Month/Year
April 28, 2033	\$4,957.20	\$74,358.00	04/28/23
	\$4,957.20	\$69,400.80	04/28/24
	\$4,957.20	\$64,443.60	04/28/25
	\$4,957.20	\$59,486.40	04/28/26
	\$4,957.20	\$54,529.20	04/28/27
	\$4,957.20	\$49,572.00	04/28/28
	\$4,957.20	\$44,614.80	04/28/29
	\$4,957.20	\$39,657.60	04/28/30
	\$4,957.20	\$34,700.40	04/28/31
	\$4,957.20	\$29,743.20	04/28/32
	\$4,957.20	\$24,786.00	04/28/33
	\$4,957.20	\$19,828.80	04/28/34
	\$4,957.20	\$14,871.60	04/28/35
	\$4,957.20	\$9,914.40	04/28/36
	\$4,957.20	\$4,957.20	04/28/37
	\$4,957.20	\$0.00	04/28/38

 YVONNE BROWN

 Date

 Date

NEIGHBORHOOD SERVICES

SINGLE-FAMILY REHABILITATION/RECONSTRUCTION PROJECT

5314 Durango Drive





Agenda Item: Rehabilitation Project #CB-2339

- The Agreement for this owner-occupied project involves the Rehabilitation of an existing property. The project will provide the family a safe and secure home.
- Project Advertised March 19, 2023 & March 26, 2023. Bids were opened April 6, 2023.
- Three bids were received.
- Staff recommends award of contract to Rick's Construction, in the amount of \$74,358.





Agenda Item: Rehabilitation Project #CB-2339

Questions?





**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Robert Hanna, City Manager

FROM: Tim Littlejohn, Director of Planning & Development Services

SUBJECT: 9. Ordinance (First Reading) Z-2023-09: Receive a Report, Hold a Discussion and Take Action on a request from Rolling Plains EV Stations LLC to change zoning of approximately 826 acres of land located at 5502 Spinks Road from Agricultural Open to Planned Development (PD-181). *(Tim Littlejohn)*

GENERAL INFORMATION

The subject property was zoned Agriculture Open Space (AO) when it was annexed in 2022. The purpose of this request is to establish the permanent zoning of the subject property.

The applicant was recruited by the Development Corporation of Abilene (DCOA) for green-energy and cryptocurrency production, with an electric substation, charging station, and potential corporate headquarters. The predominant use would be light industrial, with limited heavy industrial uses.

SPECIAL CONSIDERATIONS

FUNDING/FISCAL IMPACT

STAFF RECOMMENDATION

Staff recommends approval subject to conditions.

BOARD OR COMMISSION RECOMMENDATION

The Planning and Zoning Commission recommends approval by a vote of 6-0.

ATTACHMENTS:

1. Z-2023-09 Ordinance
2. Z-2023-09 Staff Report RSA
3. Google Earth Zoning 20230323 (1)
4. Lancium Abilene Rezoning Overview - 20230327
5. PDD Zoning map EJ 20230323 (1)
6. 36494
7. 5613 Spinks Road
8. 6049 Spinks Rd & 133 Loma Vista
9. Z-2023-09

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS, AMENDING THE, "LAND DEVELOPMENT CODE" OF THE ABILENE CITY CODE, BY CHANGING THE ZONING DISTRICT BOUNDARIES AFFECTING CERTAIN PROPERTIES; CALLING A PUBLIC HEARING; PROVIDING A PENALTY AND AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

PART 1: That Chapter 2 (Zoning Regulations) of the Land Development Code of the City of Abilene, is hereby amended by changing the zoning district boundaries as set out in Exhibit A, attached hereto and made a part of this ordinance for all purposes.

PART 2: That any person, firm or corporation violating any of the provisions of this chapter shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine of not more than Two Thousand Dollars (\$2,000.00). Each day such violation shall continue or be permitted to continue, shall be deemed a separate offense.

PART 3: That the Planning Director be, and is hereby authorized and directed to change the official Zoning Map of the City of Abilene to correctly reflect the amendments thereto. PASSED ON FIRST READING the 27th day of April, 2023.

A notice of the time and place, where and when said ordinance would be given a public hearing and considered for final passage, was published in the *Abilene Reporter-News*, a daily newspaper of general circulation in the City of Abilene, said publication being on the 17th day of March, 2023, the same being more than fifteen (15) days prior to a public hearing held in the Council Chamber of the City Hall in Abilene, Texas, at 8:30 a.m. on the 27th day of April 2023, to permit the public to be heard prior to final consideration of this ordinance. Said ordinance, being a penal ordinance, becomes effective ten (10) days after its publication in the newspaper, as provided by Section 19 of the Charter of the City of Abilene.

PASSED ON FINAL READING THIS 11th day of May, 2023.

ATTEST:

CITY SECRETARY

MAYOR

APPROVED:

CITY ATTORNEY

EXHIBIT A

Request: Change the zoning classification of the following described land, from the Agricultural Open Space (AO) district to the Planned Development District (PDD-181). The property shaded blue in the below map comprises the extent of PDD-181. The property shaded green on the map is a part of PDD-181 and will continue to be zoned Agricultural Open (AO) upon the approval of this ordinance.

Location: 5502 Spinks Road, as legally described as:

Approximately 285.9 acres out of Section 53 and 54, Block 16, T.&P. RR. Company Surveys, 191.18 acres of Section 55, Block 16, T & P RR. Company Surveys, 305.95 Acres of Section 24, W. W. Sills Survey, Meadow Valley Estates, Abilene, Taylor County, Texas.

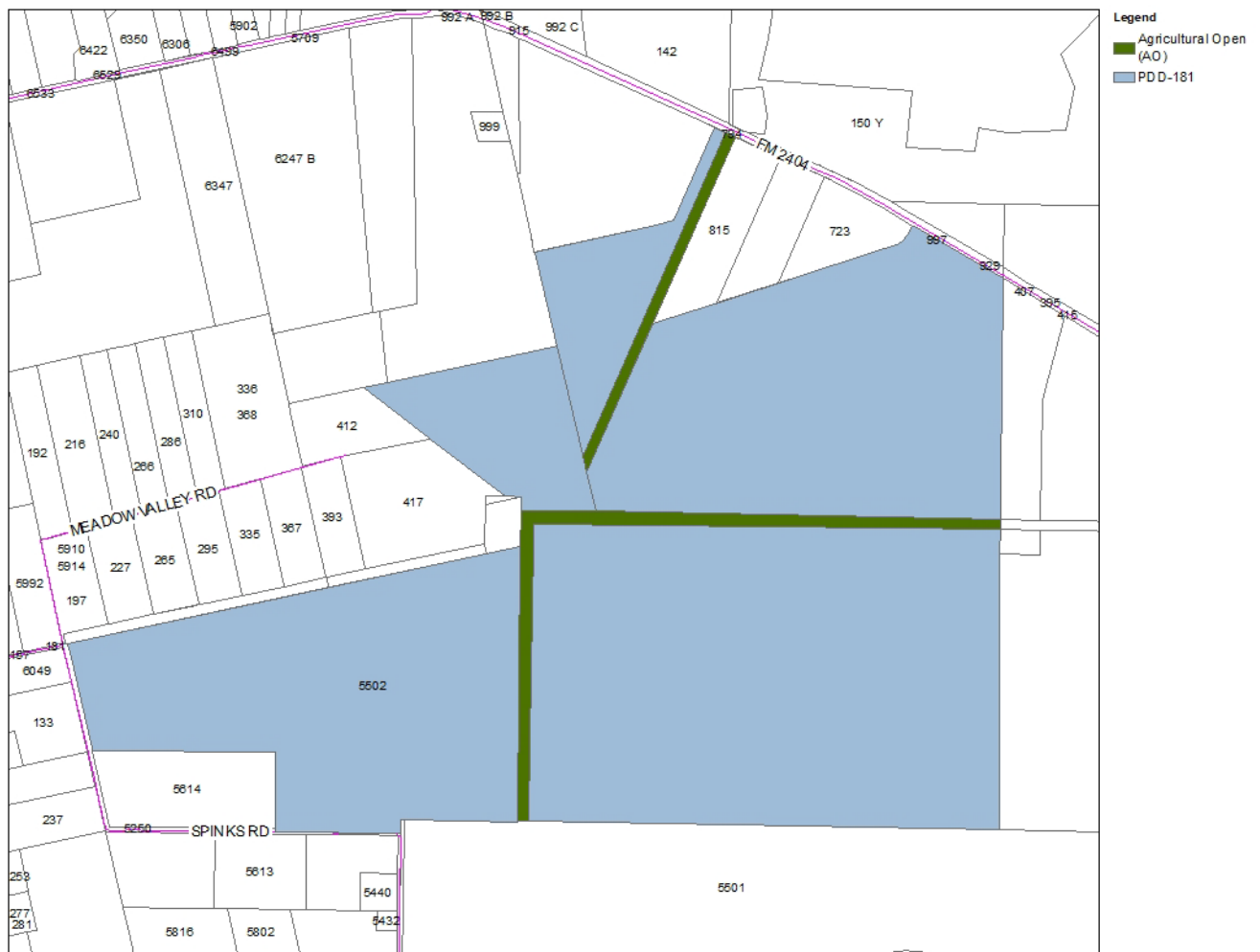


EXHIBIT B

CONCEPT PLAN

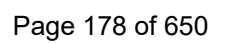


EXHIBIT C

Proposed Base Zoning District, Land Uses, and Development Standards

1. PDD-181 shall be developed in accordance with the Concept Plan (**Exhibit B**).
2. The base zoning district of PDD-181 shall be Light Industrial (LI).
3. The following Light Industrial uses shall be permitted at any location in PDD-181:
 - a. Data Center: High Performance Computing;
 - b. Data Center: Bitcoin Mining;
 - c. Operation and Maintenance Facilities;
 - d. Electric Vehicle Charging Station;
 - e. Solar Panel Array (green energy production);
 - f. Corporate Park (light industrial/office);
 - g. Warehousing;
 - h. Cold Storage;
 - i. Light Manufacturing;
 - j. Electric Substation; and
 - k. Corporate Headquarters (office).
4. The following HI uses shall be permitted by right on Lot 1, as designated on the Concept Plan:
 - a. Green Ammonia Production, Storage, and Loading Terminal;
 - b. Direct Air Capture (CO², carbon dioxide);
 - c. Hydrogen Production, Storage, Loading Terminal.
5. The land area that comprises Lot 1 shall be the area highlighted in red and legally described in **Exhibit D**.
6. The 200-foot buffer designated on the Concept Plan shall be maintained as open space, with all existing vegetation being maintained. Additional landscaping may also installed as necessary.
7. The land area that comprises the 200-foot buffer area shall be the area legally described in **Exhibit D**.
8. PDD-181 shall be subject to all of the development standards that pertain to the LI zoning district.

ZONING CASE Z-2023-09

STAFF REPORT

Scheduled Hearings

Planning & Zoning Commission: April 4, 2023
City Council 1st Reading: April 27, 2023
City Council 2nd Reading: May 11, 2023

Applicant

Owner: Lancium LLC

Case Manager

Randal Anderson – Assistant Director

Request

Rezone approximately 826 acres from AO (Agricultural Open Space) to PDD-181 (Planned Development District) to create a green energy based business/industrial park.

Location

5502 Spinks Road

Background

The subject property automatically zoned Agriculture Open Space (AO) when it was annexed in 2022. The purpose of this request is to establish the permanent zoning of the subject property.

The applicant was recruited by the Development Corporation of Abilene (DCOA) for green-energy and cryptocurrency production, with an electric substation, charging station, and potential corporate headquarters. The predominant use would be light industrial, with limited heavy industrial uses.

Existing Land Uses and Zoning

Properties north, west, and east of the subject site are in the ETJ and are used for residential, agricultural, ranching purposes. Properties south of the subject site are in the city and are zoned AO and are used for residential, agricultural, ranching purposes.

Proposed Uses

The proposed PDD-181 would have a base zoning of Light Industrial (LI). The LI district allows office, retail, commercial, and light industrial uses. The proposed HI uses are green-hydrogen and green-ammonia production, storage, and a loading terminal. The HI uses would be insulated from any adjoining property by other less intensive LI uses. A 200-foot buffer would surround the perimeter of the subject site. All of the existing vegetation in the 200-foot buffer would be preserved. The attached Concept Plan shows the arrangement of these uses and the 200-foot buffer.

The following proposed light industrial uses were specifically identified by the applicant to be included on proposed Lots 2-5:

1. Data Center: High Performance Computing;
2. Data Center: Bitcoin Mining;
3. Operation and Maintenance facilities;

4. Electric Vehicle Charging Station;
5. Solar Panel Array (green energy production);
6. Corporate Park (light industrial/office);
7. Warehousing;
8. Cold Storage;
9. Light Manufacturing;
10. Electric Substation; and
11. Corporate Headquarters (office).

The following proposed heavy industrial uses were specifically identified by the applicant to be included in this proposed development on proposed Lot 1:

1. Green Ammonia Production, Storage, and Loading Terminal;
2. Direct Air Capture (CO², carbon dioxide); and
3. Hydrogen Production, Storage, Loading Terminal.

Criteria Assessment

Section 1.4.1.4 of Abilene's Land Development Code states that, in making a determination regarding a requested zoning change, the Planning and Zoning Commission and the City Council may consider the following factors:

- (1) Whether the proposed zoning map amendment implements the policies of the adopted Comprehensive Plan, including the land use classification of the property on the Future Land Use and Development Plan Map, as amended.**

The new Future Land Use Map (FLUM) recommend light industrial uses at this location. The new Comprehensive Plan and generally accepted planning principles recommend that new non-residential uses and zoning districts be constituted in a manner that will not adversely affect adjoining lower intensity zoning districts and land uses. Staff finds that the Concept Plan for PDD-181 will implement the FLUM recommendations in a manner that will not diminish the use and value of the surrounding properties.

- (2) Whether the uses permitted by the proposed change in zoning classification and the standards applicable to such uses will be appropriate in the immediate area of the land to be reclassified.**

Staff finds that the proposed zoning change, subject to the proposed Concept Plan, would be appropriate at this location and would not be detrimental to the use of existing surrounding properties.

- (3) Whether the proposed change is in accordance with any existing or proposed plans for providing public schools, streets, water supply, sanitary sewers, and other public services and utilities to the area.**

The City can provide adequate water and fire protection services for PDD-181. No public improvements are required to provide adequate services to this development.

- (4) Any other factors, which will substantially affect the public health, safety, morals, or general welfare.**

The purpose of the proposed PDD-181 is to develop and implement new green-based technology to result in a positive impact the general welfare of society by reducing greenhouse gas, developing green energy solutions, and producing green energy.

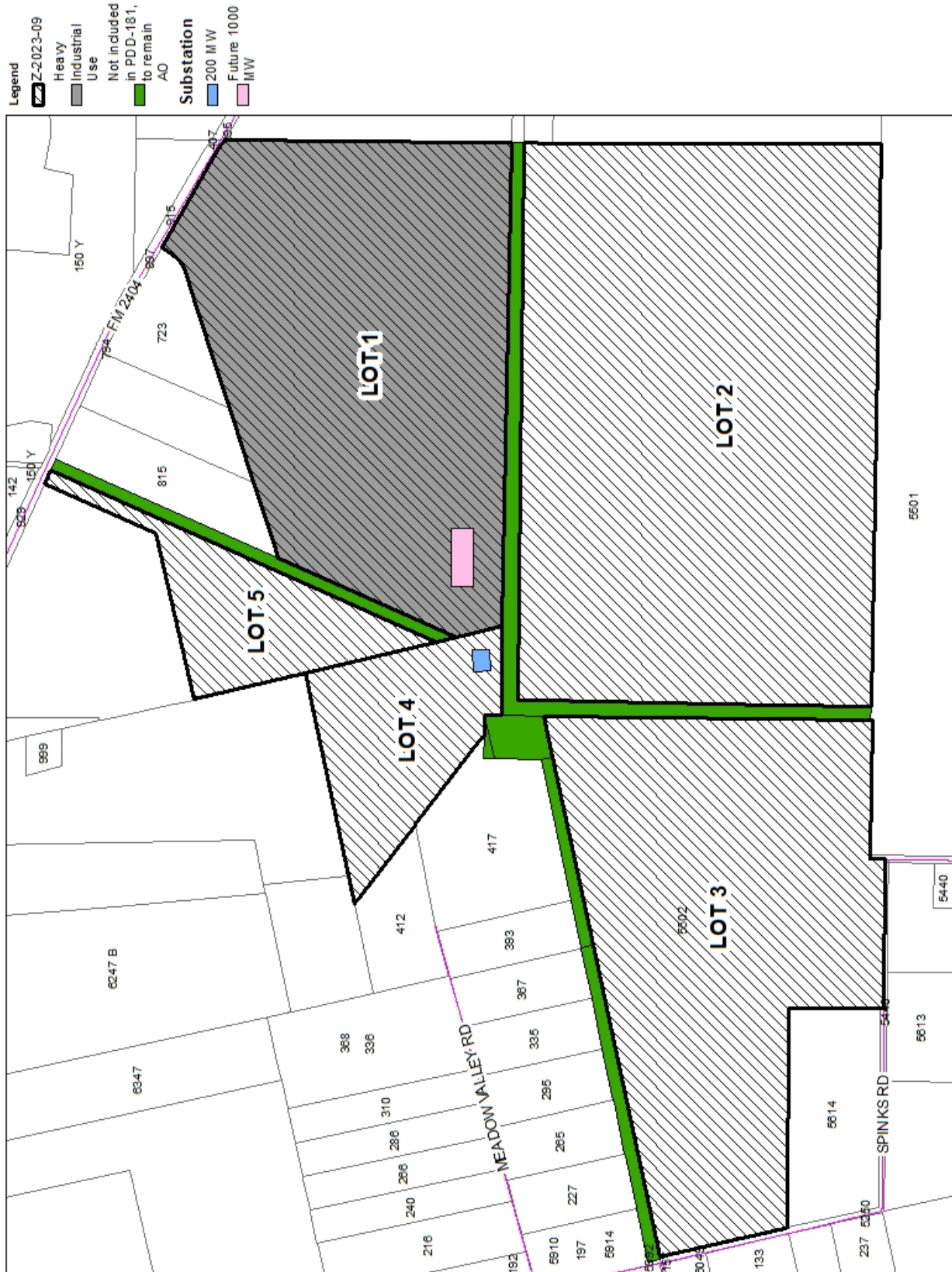
P&Z Recommendation

The Planning and Zoning Commission recommends **approval** subject to the following conditions, as set out in the proposed ordinance:

1. PDD-181 shall be developed in accordance with the Concept Plan attached as Exhibit A.
2. The base zoning district of PDD-181 shall be Light Industrial (LI) at any location in PDD, with the exception of the 200-foot buffer, and shall expressly permit the following uses:
 - a. Data Center: High Performance Computing;
 - b. Data Center: Bitcoin Mining;
 - c. Operation and Maintenance Facilities;
 - d. Electric Vehicle Charging Station;
 - e. Solar Panel Array (green energy production);
 - f. Corporate Park (light industrial/office);
 - g. Warehousing;
 - h. Cold Storage;
 - i. Light Manufacturing;
 - j. Electric Substation; and
 - k. Corporate Headquarters (office).
3. The following HI uses shall be permitted by right in the area designated for heavy industrial uses on the Concept Plan:
 - a. Green Ammonia Production, Storage, and Loading Terminal;
 - b. Direct Air Capture (CO², carbon dioxide);
 - c. Hydrogen Production, Storage, Loading Terminal.
4. PDD-181 shall be subject to all of the development standards that pertain to the LI zoning district.
5. The 200-foot buffer shown on the Concept Plan shall be maintained as open space, with all existing vegetation maintained.

EXHIBIT A

Concept Plan



Notification

TABLE 1
Owner

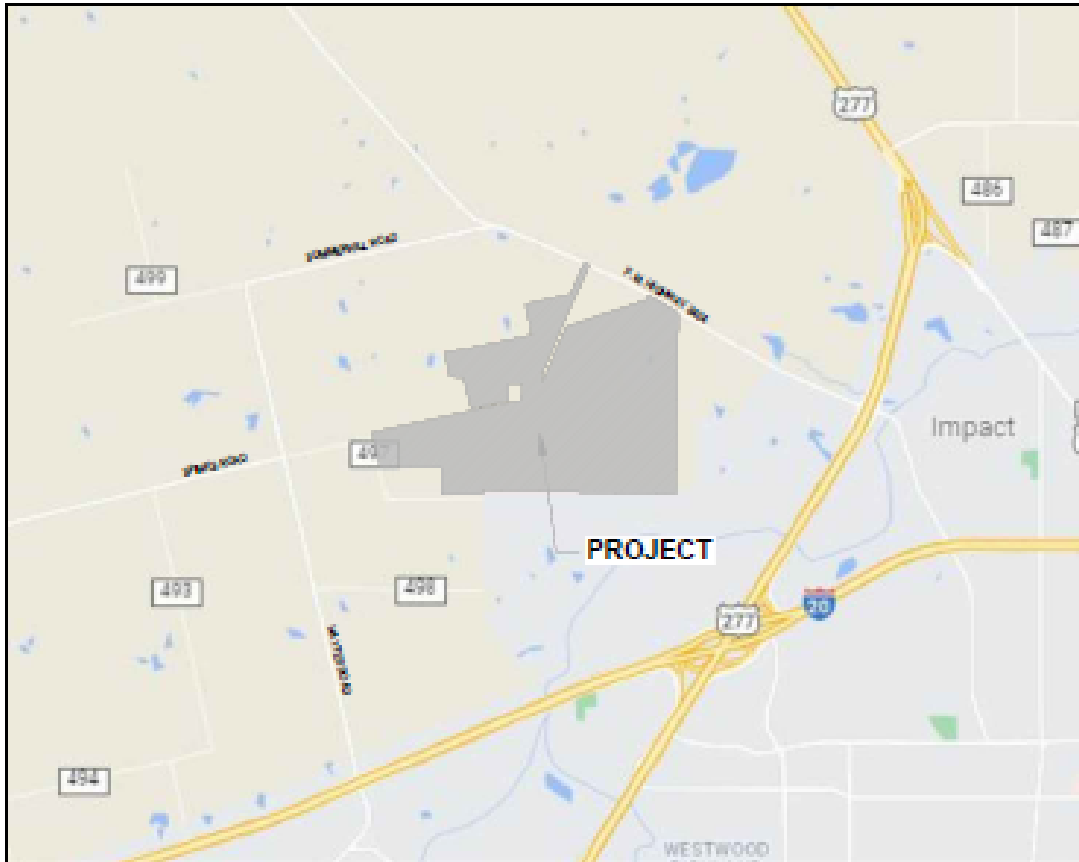
Owner	Property ID	Situs	Response
AEP TEXAS NORTH COMPANY	973980		F
BAUCUM CHARLES	36763	5613 SPINKS RD	O
BUNKLEY GARRY DOYLE &	47962	501 FM 2404	
DANKWORTH DAN & SHELIA	43217	142 CR 660	
DAVIS WESTON & CHERYL	36494	5448 SPINKS RD	O
DONAGHEY CALVIN WAYNE &	43336		
KENNEDY THOMAS R	67776		
MENDLER FRED & ARLENE	69755	133 LOMA VISTA	O
MENDLER FREDERICK W &	69352	6049 SPINKS RD	O
PINE STREET SALVAGE	48739	150 CR 660	
PINE STREET SALVAGE	48619		
PINE STREET SALVAGE	43093		
PINE STREET SALVAGE CO	47954		
ROLLING PLAINS EV STATIONS LLC	47960	515 FM 2404	F
ROLLING PLAINS EV STATIONS LLC	43815		F
ROLLING PLAINS EV STATIONS LLC	43449		F
ROLLING PLAINS EV STATIONS LLC	1062242		F
ROLLING PLAINS EV STATIONS LLC	117284		F
ROLLING PLAINS EV STATIONS LLC	1062207	815 FM 2404	F
ROLLING PLAINS EV STATIONS LLC	1062111	723 FM 2404	F
ROLLING PLAINS EV STATIONS LLC	1061063	5614 SPINKS RD	F
ROLLING PLAINS EV STATIONS LLC	37417	5502 SPINKS RD	F
ROLLING PLAINS EV STATIONS LLC	48205		F
ROLLING PLAINS EV STATIONS LLC	1062951		F
SMITH JUSTIN DARREL &	36827	5501 SPINKS RD	
TUCHER CRISTOFOR L & JONNA B	1010474		
TUCHER JOHN M & MARY JANE	33072		
WEST TEXAS UTILITIES CO	48087		F
WEST TEXAS UTILITIES CO	1086255		F
WEST TEXAS UTILITIES CO	15281		F
WEST TEXAS UTILITIES CO	32676		F
WEST TEXAS UTILITIES CO	32811		F
LEIJA LETICIA	33654	2601 E STAMFORD ST	
SS SRANI LLC	34253	1038 N LOOP 322	
AWTRY MIKE & BUFFI	105566	2598 EN 10TH ST	
AWTRY MIKE & BUFFI	1017941	2401 E STAMFORD ST	

Owner	Property ID	Situs	Response
LEIJA LETICIA	33654	2601 E STAMFORD ST	
SS SRANI LLC	34253	1038 N LOOP 322	
AWTRY MIKE & BUFFI	105566	2598 EN 10TH ST	
AWTRY MIKE & BUFFI	1017941	2401 E STAMFORD ST	

Prop ID

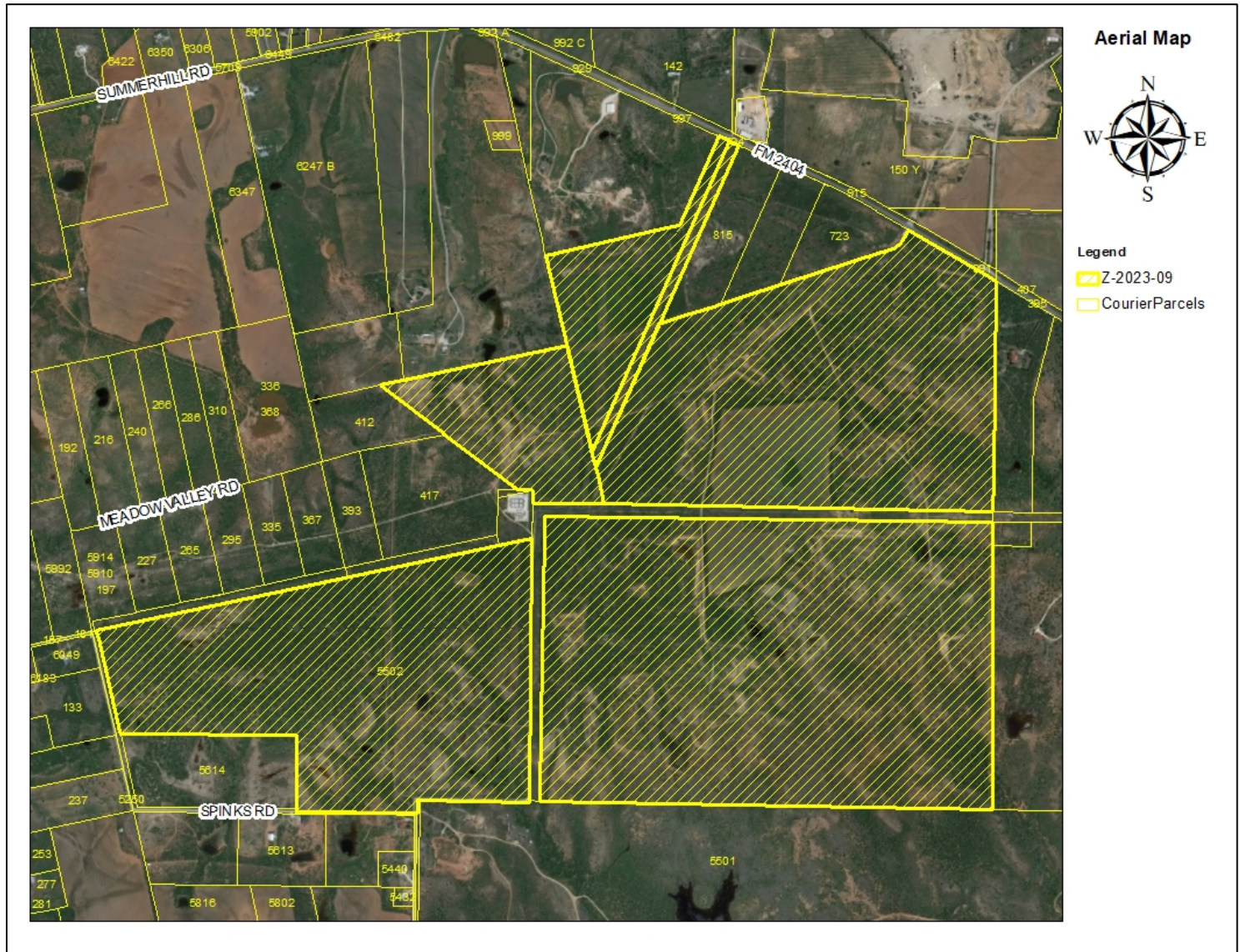
Owner	Property ID	Situs	Response
WEST TEXAS UTILITIES CO	15281		F
WEST TEXAS UTILITIES CO	32676		F
WEST TEXAS UTILITIES CO	32811		F
TUCHER JOHN M & MARY JANE	33072		
DAVIS WESTON & CHERYL	36494	5448 SPINKS RD	O
BAUCUM CHARLES	36763	5613 SPINKS RD	O
SMITH JUSTIN DARREL &	36827	5501 SPINKS RD	
ROLLING PLAINS EV STATIONS LLC	37417	5502 SPINKS RD	F
PINE STREET SALVAGE	43093		
DANKWORTH DAN & SHELIA	43217	142 CR 660	
DONAGHEY CALVIN WAYNE &	43336		
ROLLING PLAINS EV STATIONS LLC	43449		F
ROLLING PLAINS EV STATIONS LLC	43815		F
PINE STREET SALVAGE CO	47954		
ROLLING PLAINS EV STATIONS LLC	47960	515 FM 2404	F
BUNKLEY GARRY DOYLE &	47962	501 FM 2404	
WEST TEXAS UTILITIES CO	48087		F
ROLLING PLAINS EV STATIONS LLC	48205		F
PINE STREET SALVAGE	48619		
PINE STREET SALVAGE	48739	150 CR 660	
KENNEDY THOMAS R	67776		
MENDLER FREDERICK W &	69352	6049 SPINKS RD	O
MENDLER FRED & ARLENE	69755	133 LOMA VISTA	O
ROLLING PLAINS EV STATIONS LLC	117284		F
AEP TEXAS NORTH COMPANY	973980		F
TUCHER CRISTOFOR L & JONNA B	1010474		
ROLLING PLAINS EV STATIONS LLC	1061063	5614 SPINKS RD	F
ROLLING PLAINS EV STATIONS LLC	1062111	723 FM 2404	F
ROLLING PLAINS EV STATIONS LLC	1062207	815 FM 2404	F
ROLLING PLAINS EV STATIONS LLC	1062242		F
ROLLING PLAINS EV STATIONS LLC	1062951		F
WEST TEXAS UTILITIES CO	1086255		F

VICINITY MAP



LOCATION MAP
N.T.S.

LOCATION MAP

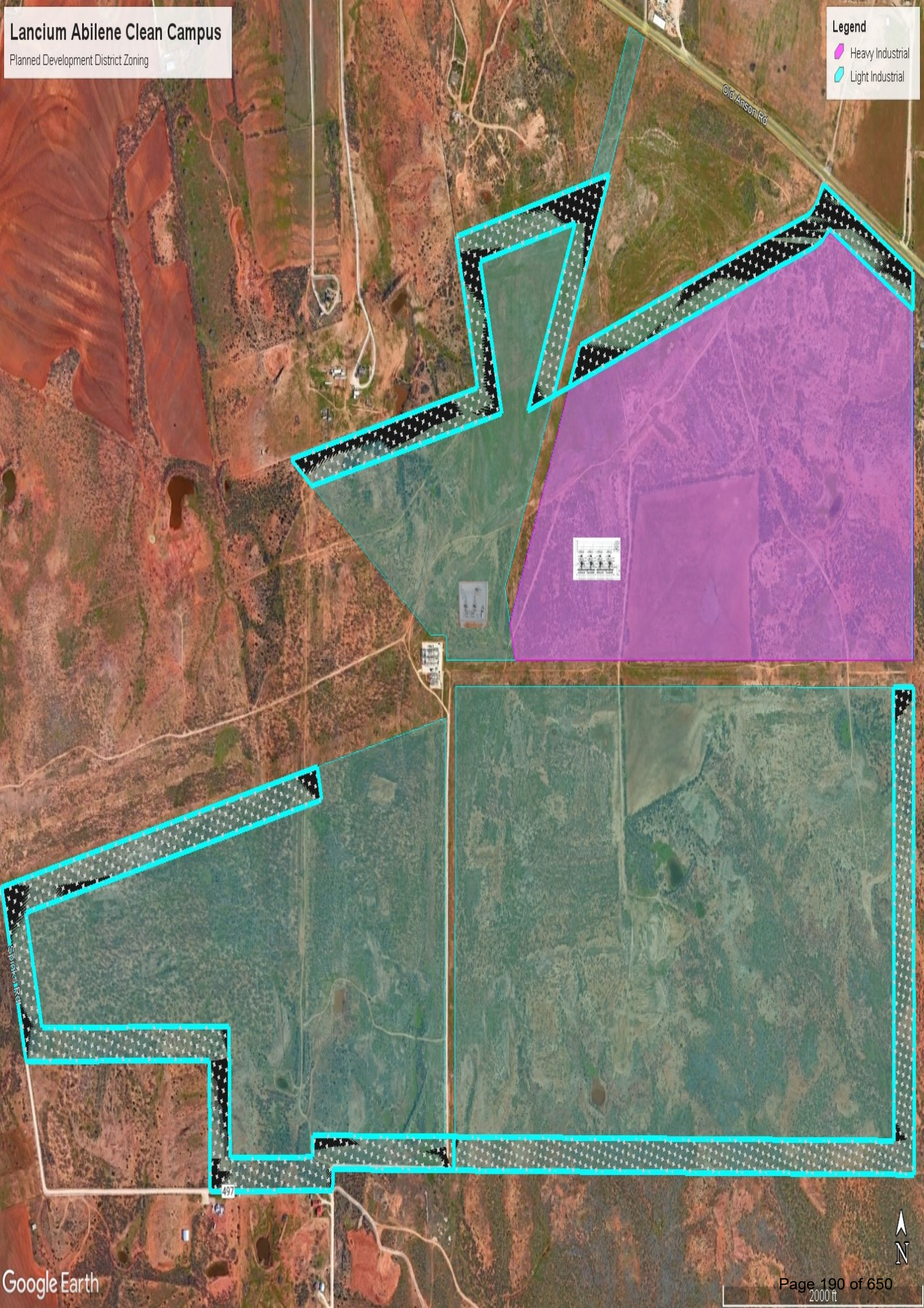


ZONING MAP



Legend

- Heavy Industrial
- Light Industrial



Lancium: Investing in Abilene

Rezoning Request Overview



Who we are

Lancium is a leading energy technology and infrastructure company dedicated to accelerating the energy transition.

What we do

We create technologies and build infrastructure that enable more clean energy production while balancing and stabilizing the power grid.



Headquarters: The Woodlands, TX



Industry-leading Lancium Smart Response™ technology protected by a large patent estate



First company to commercialize technology to transform large electric demand into a resource for the electric grid



Currently developing 1200+ acre, 1.2-Gigawatt Clean Campus in NW Abilene, as well as a Clean Campus in Ft. Stockton

Lancium Abilene Clean Campus Overview

We are making steady progress in developing our Abilene-based flagship facility



Site overview:

- 826 acres annexed into City of Abilene
- Zoned agricultural open space
- Approved for 1.2 Gigawatts of power by ERCOT

Potential uses Light Industrial:

- Datacenter
- Cold storage facility
- Electric Vehicle charging station
- Solar Panels
- Light Manufacturing

Potential uses Heavy Industrial:

- Green hydrogen / ammonia production

Key milestones:

- Dec. 2021: Taylor County & City of Abilene approve project
- Jun. 2022: Site construction begins
- Nov. 2022: Groundbreaking & community celebration
- Dec. 2022: 200MW substation completed
- Jun. 2023: Target for substation energization

Current status:

- Initial 200 MW capacity under contract negotiation for data center applications



Photo as of March 2, 2023

Lancium's Zoning Proposal

Zone approximately 180 acres of within the Plan Development District (PDD) for heavy industrial uses, creating greater opportunity and optionality



- **The Clean Campus Concept**

Lancium's initial plan was for the property to be home to large, energy-intensive data centers used for a variety of applications, including Bitcoin Mining and High-Throughput Computing (HTC).

- **Turning power users into a grid resource**

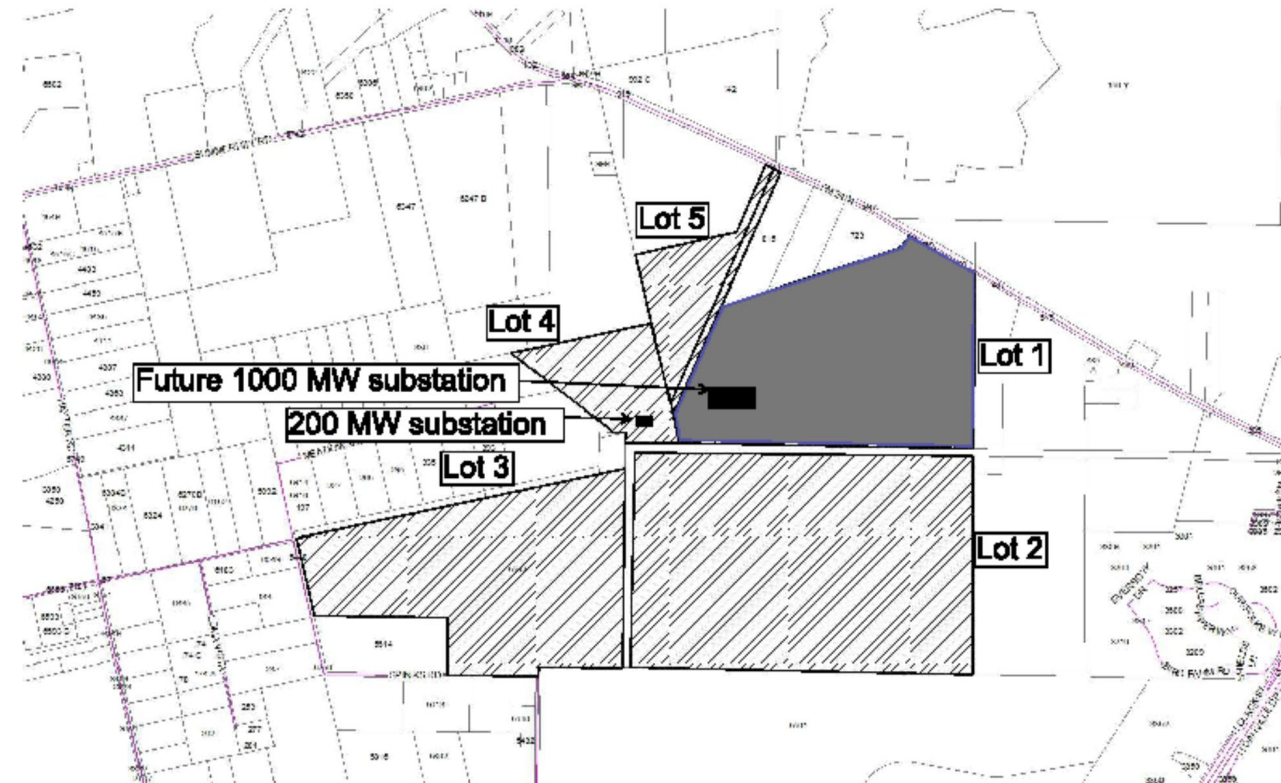
Site power consumption to be managed by Lancium Smart Response™, allowing tenants to “turn down” during high demand periods, lowering their costs and helping ERCOT to stabilize the power grid.

- **Significant interest from broader industries**

Lancium has experienced significant interest from industries beyond our initial target end markets. We are exploring additional potential options including green hydrogen and green ammonia production that would put Abilene on the leading edge of the energy transition.

- **Zoning proposal creates additional opportunities**

Zoning approximately 30 percent of the property for applications other than data centers creates additional opportunities for attracting new business.



Committed to supporting the community

We are committed to engaging with our stakeholders to answer any questions or concerns



Stakeholder Engagement

Visit [Lancium.com/Abilene](https://www.lancium.com/Abilene) to stay updated the latest news. We also engage with our immediate neighbors to address any concerns.

Incorporating Feedback Into Our Planning

As we design our site we are listening to feedback from the community.

Supporting the Community

Lancium is committed to working with Abilene to foster economic growth for the next generation.



For more information: www.lancium.com/abilene

Questions? abilene@lancium.com

For the PLANNING & ZONING COMMISSION
Please call (325) 676-6237 if you have any questions about this notice.

CASE #: Z-2023-09

You may indicate your position on the above request by detaching this sheet at the dotted line and returning it to the address below.
You may attach additional sheets if needed. You may also email your position to the email address listed below. All correspondence must include your name and address.

Name: DAVIS WESTON & CHERYL
Parcel I.D.: 36494
Address:

Mailing To: Planning and Development Services
P.O. Box 60, Abilene TX 79604-0060

Email: planning@abilenetx.gov

I am in favor ☐

I am opposed ☒

Additional Comments:

Signature: Cheryl Davis

MAR 30 AM 8:43

For the PLANNING & ZONING COMMISSION

Please call (325) 676-6237 if you have any questions about this notice.

CASE #: Z-2023-09

You may indicate your position on the above request by detaching this sheet at the dotted line and returning it to the address below. You may attach additional sheets if needed. You may also email your position to the email address listed below. All correspondence must include your name and address.

Name: BAUCUM CHARLES

Parcel I.D.: 36763

Address: 5613 SPINKS RD

Mailing To: Planning and Development Services
P.O. Box 60, Abilene TX 79604-0060

Email: planning@abilenetx.gov

I am in favor ☐

I am opposed ☒

Additional Comments:

Signature: _____

*Should've had input before the
deal was made with Lincum.*

MAR 1 AM 10:19

1 March 2023

Re: Case Z-2023-09

To whom it may concern:

We would like to state our opposition to the above referenced case.
We do not want any land in our area designated to Light Industrial.

There is already an industrial area several miles from here – 5 Points.
Why do we need to put that in the middle of our country living.

Quite frankly, we are really surprised to have received this notice as we never got any kind of notification when the City decided to designate land for Lancium. No one up here wants that, but, unfortunately, the folks that live up here heard nothing about it until it was on the news when it was already a done deal.

I haven't found anyone else, yet, that received this letter. But please note our opposition to said case.

Thank You.

A handwritten signature in black ink, appearing to read 'Arlene Mendler', with a long horizontal flourish extending to the right.

Arlene Mendler

6049 Spinks Rd – Parcel ID 69352

133 Loma Vista – Parcel ID 69755

Abilene, Texas 79601

325-669-4089



Z-2023-09 REZONE REQUEST

Case: Z-2023-09

Owner: Lancium LLC

Request: Rezone 826 acres from AO to PDD-181

Location: 5502 Spinks Road

Notification: 17 in Favor, 4 Opposed

Planning & Zoning: April 4, 2023

Council Hearings: April 27, 2023
May 11, 2023





Z-2023-09 GENERAL VICINITY

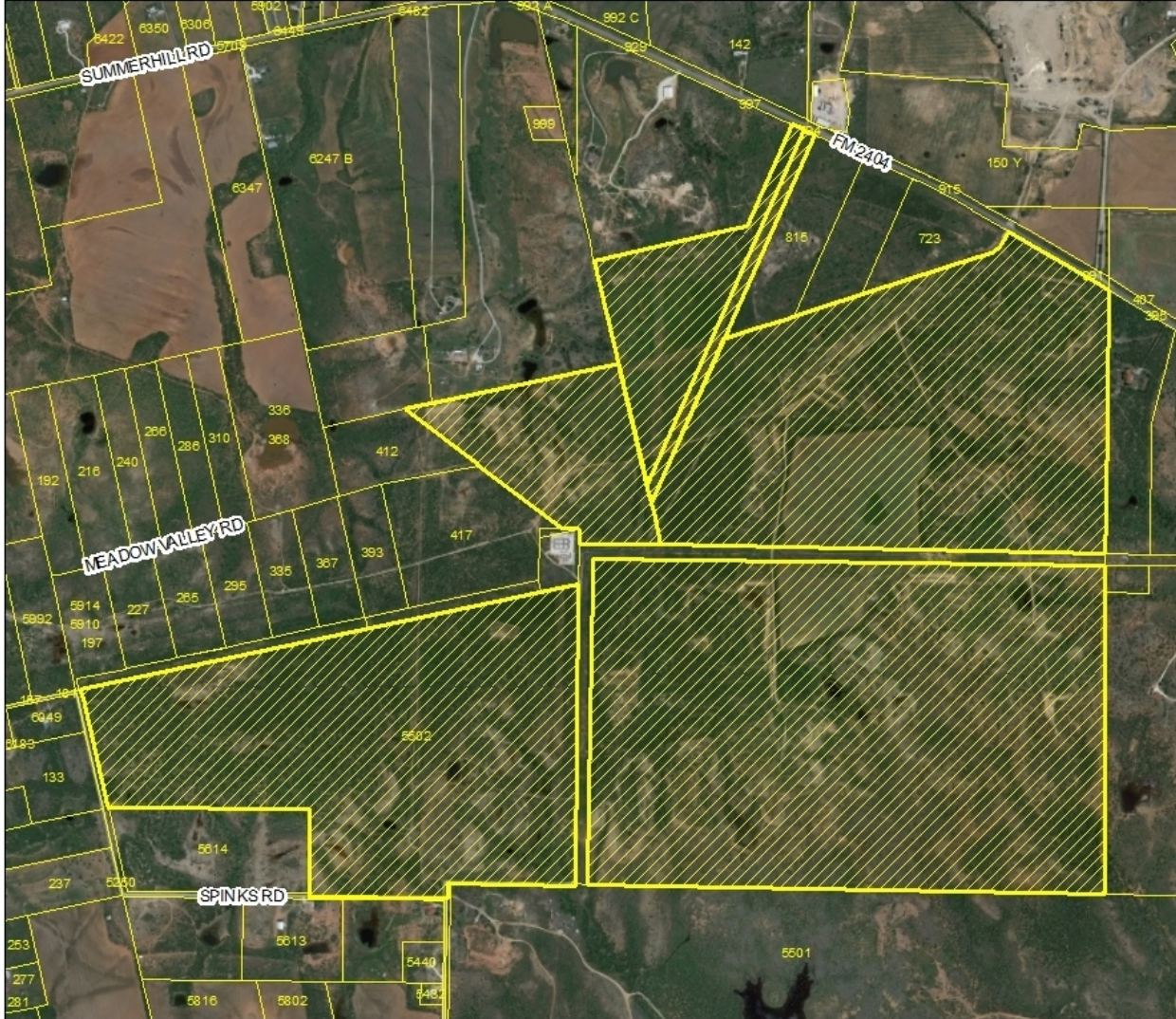


LOCATION MAP
N.T.S.

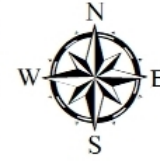




Z-2023-09 AERIAL MAP



Aerial Map



Legend

- Z-2023-09
- CourierParcels



CITY OF
ABILENE
TEXAS



Z-2023-09 ZONING MAP



Zoning Map



Legend

- Z-2023-09 Buffer
- Z-2023-09
- AO
- Arterial
- Arterial
- Collector
- Expressway
- Minor Arterial
- AO - Agricultural Open Space



CITY OF
ABILENE
TEXAS





BASE ZONING

Base Zoning - Light Industrial (LI)

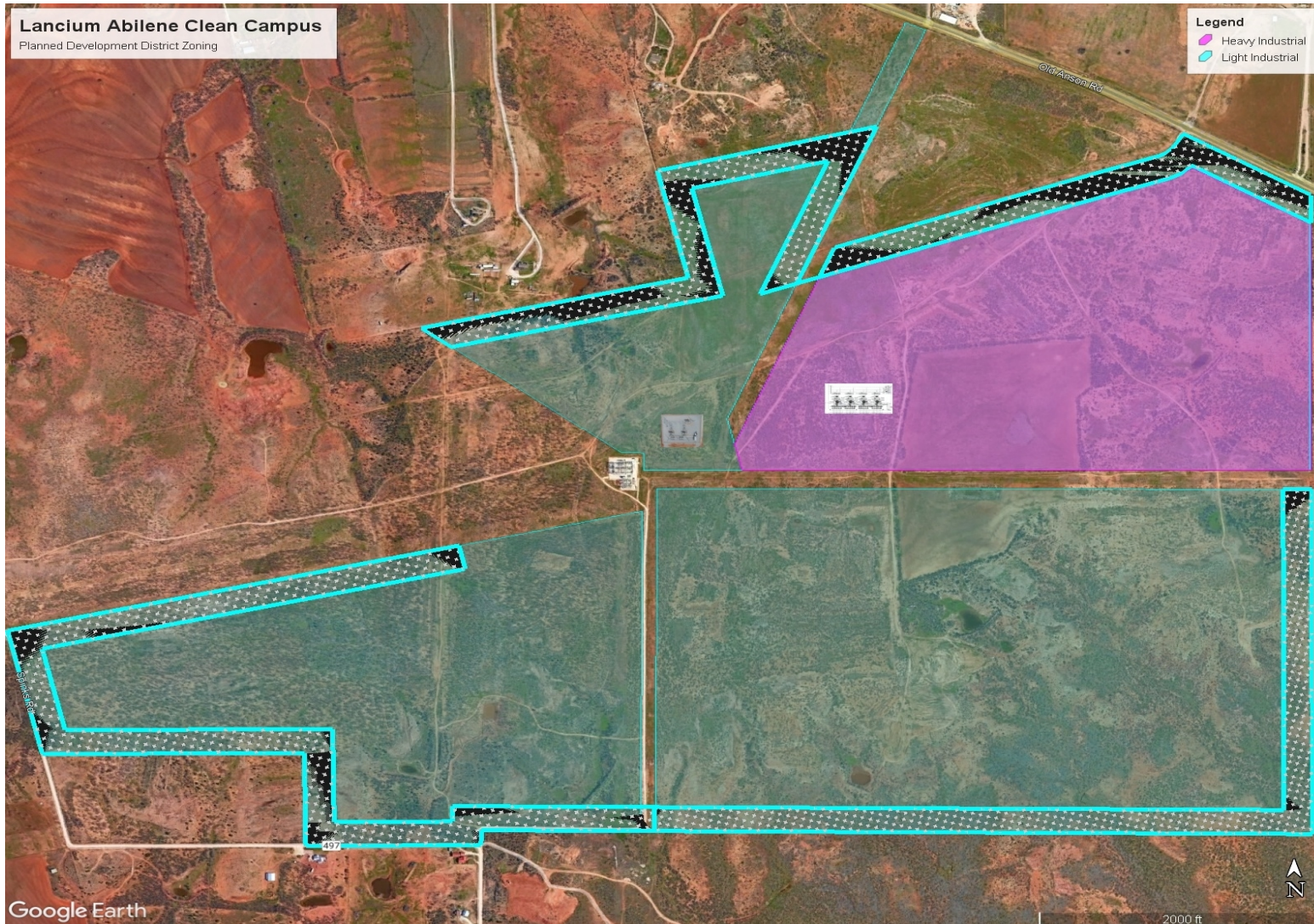
Development Standards: Light Industrial (LI)

200-Foot Buffer: Around PDD-181 and all adjoining properties not owned by the applicant





200-FOOT BUFFER LOCATION



CITY OF
ABILENE
TEXAS



PROPOSED USES LOT 1

Lot 1

Green Hydrogen Production, Storage, and Loading Terminal (Heavy Industrial);

Green Ammonia Production, Storage, and Loading Terminal (Heavy Industrial);

Direct Air Capture, Carbon Dioxide (Heavy Industrial); and

Light Industrial (LI) Uses.





PROPOSED USES LOTS 2-5

Lots 2-5

- Data Center: High Performance Computing;
- Data Center: Bitcoin Mining;
- Cold Storage;
- Operation and Maintenance Facilities;
- Electric Vehicle Charging Station;
- Solar Panels (Green Energy Production);
- Corporate Park (Light Industrial/Office);
- Light Manufacturing;
- Warehousing;
- Corporate Headquarters;
- Electric Substation; and
- Light Industrial (LI) Uses





PERMITTED USES IN LI DISTRICT

ACCESSORY AND INCIDENTAL USES:

- P Accessory Structure (Also see Division 4 of this article)
- P Antenna, Non-Commercial/Amateur
- P ATM's, Self-Serve Kiosks, and Similar Facilities
- P Drive-Through Facility
- TP Field Office or Construction Office (temporary)
- P Freight Container
- P Fuel Sales
- TP Itinerant Business
- P Manufacturing (incidental)
- C Mobile Home (permanent security residence)
- TP Mobile Home (temporary security residence)
- P Mobile Home or Temporary Building (office for sales and service)
- P Recreation Building, Multipurpose
- P Recycling Collection Point
- P/SE Wind Energy Conversion Systems

CULTURAL AND RECREATIONAL USES:

- P Adult Entertainment Enterprise
- C Cultural Facilities
- P Drive-in Theater
- C Motorized Racing
- P Recreation – Outdoors (passive)

GOVERNMENT, HEALTH, SAFETY AND WELFARE USES:

- P Ambulance Service
- P Correction, Detention, or Penal Facilities
- P Fire/Police Station
- P Homeless/Emergency Shelter
- P Medical/Dental Laboratory
- P Military and Armed Forces Reserve Center
- P Post Office
- C Sanitary Landfill

EDUCATIONAL AND RELIGIOUS USES:

- C Cemetery, Crematorium, and Mausoleum
- P Church or Place of Worship
- P Educational and Scientific Research
- P School: Public/Private
- P Trade/Business School

SERVICE

- P/C Automobile Wash
- P Contractor Services
- P Funeral Home/ Mortuary/Morgue
- P Kennel (With Outdoor Pens)
- P Kennel (Without Outdoor Pens)
- P Laundry, Dry Cleaning, Dyeing, and Linen Service (no retail customers)
- P Laundry/Dry Cleaning Services & Facilities
- P Office (general, professional, financial)
- P Printing, Copying, Reproduction, Publishing
- P Recycling Collection and Processing Center
- P Repair and Maintenance Services - Automobile/Small Truck (major)
- P Repair and Maintenance Services - Automobile/Small Truck (minor)
- P Repair and Maintenance Services (indoor)
- P Repair and Maintenance Services (outdoors)
- P Repair and Maintenance Services (truck and other large vehicles)
- P Scales (public)
- P Storage - Self-Service Units
- P Tattoo Parlor
- P Taxidermist
- P Veterinary Service (all size animals)
- P Veterinary Service (small animals)
- P Wrecker/Towing

TRADE – RETAIL USES

- P Aircraft and Accessories
- P ATM's, Self-Serve Kiosks, and Similar Facilities
- P Fuel Sales
- P Head Shop
- P Liquor Store (Off Premises Consumption) *(Defined under Liquor Store)*
- P Liquor Store (On Premises Consumption) *(Defined under Liquor Store)*
- P Retail Sales/Rental (automobile/small truck)
- P Retail Sales/Rental (indoor)
- P Retail Sales/Rental (outdoors, non-vehicle)
- P Retail Sales/Rental (trucks and other large vehicles and equipment)

TRADE – WHOLESALE USES

- P Liquor, Wholesale/Distribution
- C Livestock – Wholesale or Auction
- P Wholesaling and Storage (indoor)
- P Wholesaling and Storage (outdoors)

TRANSPORTATION, COMMUNICATION AND UTILITIES:

- P Airport, Heliport and Flying Field Terminals - Commercial (passenger and freight)
- P Antenna Tower - Commercial
- P Automobile Parking Lot or Structure - Commercial
- P Broadcast Studio
- P Passenger Ground Transportation Terminal
- P Pressure Control Station
- P Public Utility Facility
- P Railroad Switching and Marshaling Yard
- P Utility Generation, Production, Treatment

RESOURCE PRODUCTION AND EXTRACTION USES:

- C Mining
- P Petroleum or Gas Well
- P Liquor
- P Manufacturing (light)
- P Urban Garden



CITY OF
ABILENE
TEXAS

LEGEND

- P Permitted as a Right-of-Use (may be subject to compliance with conditions described within Division 3- Requirements Applicable to Specific Land Uses of the Land Development Code)
- C Permitted as a Conditional Use Permit, Requiring Approval by City Council
- TP Permitted by Temporary Permit Only, Requiring Approval by Board of Adjustment



PHOTOS OF SUBJECT PROPERTY

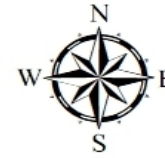




Z-2023-09 NOTIFICATION MAP



Notification Map



17- In Favor- ●
4- Opposed- ●
5.1% Opposed

Legend

□ Z-2023-09
□ Buffer
□ Z-2023-09



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FINDINGS/RECOMMENDATION

The proposed request is *consistent* with:

- The proposed Comprehensive Plan;
- The proposed Future Land Use Map;
- Generally accepted planning principals; and
- The Criteria for Approval in the LDC.

P&Z recommends **approval** subject to the following conditions:





CONDITIONS

1. PDD-181 shall be developed in accordance with the Concept Plan attached as Exhibit A.
2. The base zoning district of PDD-181 shall be Light Industrial (LI) at any location in PDD, with the exception of the 200-foot buffer, and shall expressly permit the following uses:
 - a. Data Center: High Performance Computing;
 - b. Data Center: Bitcoin Mining;
 - c. Operation and Maintenance Facilities;
 - d. Electric Vehicle Charging Station;
 - e. Solar Panel Array (green energy production);
 - f. Corporate Park (light industrial/office);
 - g. Warehousing;
 - h. Cold Storage;
 - i. Light Manufacturing;
 - j. Electric Substation; and
 - k. Corporate Headquarters (office).





CONDITIONS

3. The following HI uses shall be permitted by right in the area designated for heavy industrial uses on the Concept Plan:
 - a. Green Ammonia Production, Storage, and Loading Terminal;
 - b. Direct Air Capture (CO², carbon dioxide); and
 - c. Hydrogen Production, Storage, Loading Terminal.
4. PDD-181 shall be subject to all of the development standards that pertain to the LI zoning district.
5. The 200' buffer shown on the Concept Plan shall be maintained as open space with all existing vegetation maintained.





Questions?





**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Robert Hanna, City Manager

FROM: Tim Littlejohn, Director of Planning & Development Services

SUBJECT: **10. Ordinance (First Reading) Z-2023-10; Receive a Report, Hold a Discussion and Take Action on a request from Bridgestone Bandag, LLC to change zoning from Agricultural Open (AO) to Heavy Industrial (HI), located at 4678 FM 18**
(Tim Littlejohn)

GENERAL INFORMATION

The subject property was annexed in 1986 and automatically zoned Agricultural Open (AO). A non-conforming parking lot exists along portion of the eastern boundary line. It's unknown when the parking lot was built, but technically the subject should have been rezoned as industrial to allow it on this site.

The applicant now proposes to expand the parking lot further onto the subject site and is requesting rezoning for that purpose.

SPECIAL CONSIDERATIONS

FUNDING/FISCAL IMPACT

STAFF RECOMMENDATION

Staff recommends approval.

BOARD OR COMMISSION RECOMMENDATION

The Planning and Zoning Commission recommends approval by a vote of 5-0.

ATTACHMENTS:

1. Z-2023-10 Ordinance
2. Z-2023-10 Staff ReportRSA
3. Z-2023-10 Presentation

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS, AMENDING THE, "LAND DEVELOPMENT CODE" OF THE ABILENE CITY CODE, BY CHANGING THE ZONING DISTRICT BOUNDARIES AFFECTING CERTAIN PROPERTIES; CALLING A PUBLIC HEARING; PROVIDING A PENALTY AND AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

PART 1: That Chapter 2 (Zoning Regulations) of the Land Development Code of the City of Abilene, is hereby amended by changing the zoning district boundaries as set out in Exhibit A, attached hereto and made a part of this ordinance for all purposes.

PART 2: That any person, firm or corporation violating any of the provisions of this chapter shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine of not more than Five Hundred Dollars (\$500.00). Each day such violation shall continue or be permitted to continue, shall be deemed a separate offense.

PART 3: That the Planning Director be, and is hereby authorized and directed to change the official Zoning Map of the City of Abilene to correctly reflect the amendments thereto.

PASSED ON FIRST READING the 27th day of April, 2023.

A notice of the time and place, where and when said ordinance would be given a public hearing and considered for final passage, was published in the *Abilene Reporter-News*, a daily newspaper of general circulation in the City of Abilene, said publication being on the 17th day of March, 2023, the same being more than fifteen (15) days prior to a public hearing held in the Council Chamber of the City Hall in Abilene, Texas, at 8:30 a.m. on the 11th day of May, 2023, to permit the public to be heard prior to final consideration of this ordinance. Said ordinance, being a penal ordinance, becomes effective ten (10) days after its publication in the newspaper, as provided by Section 19 of the Charter of the City of Abilene.

PASSED ON FINAL READING THIS 11th day of May, 2023.

ATTEST:

CITY SECRETARY

MAYOR

APPROVED:

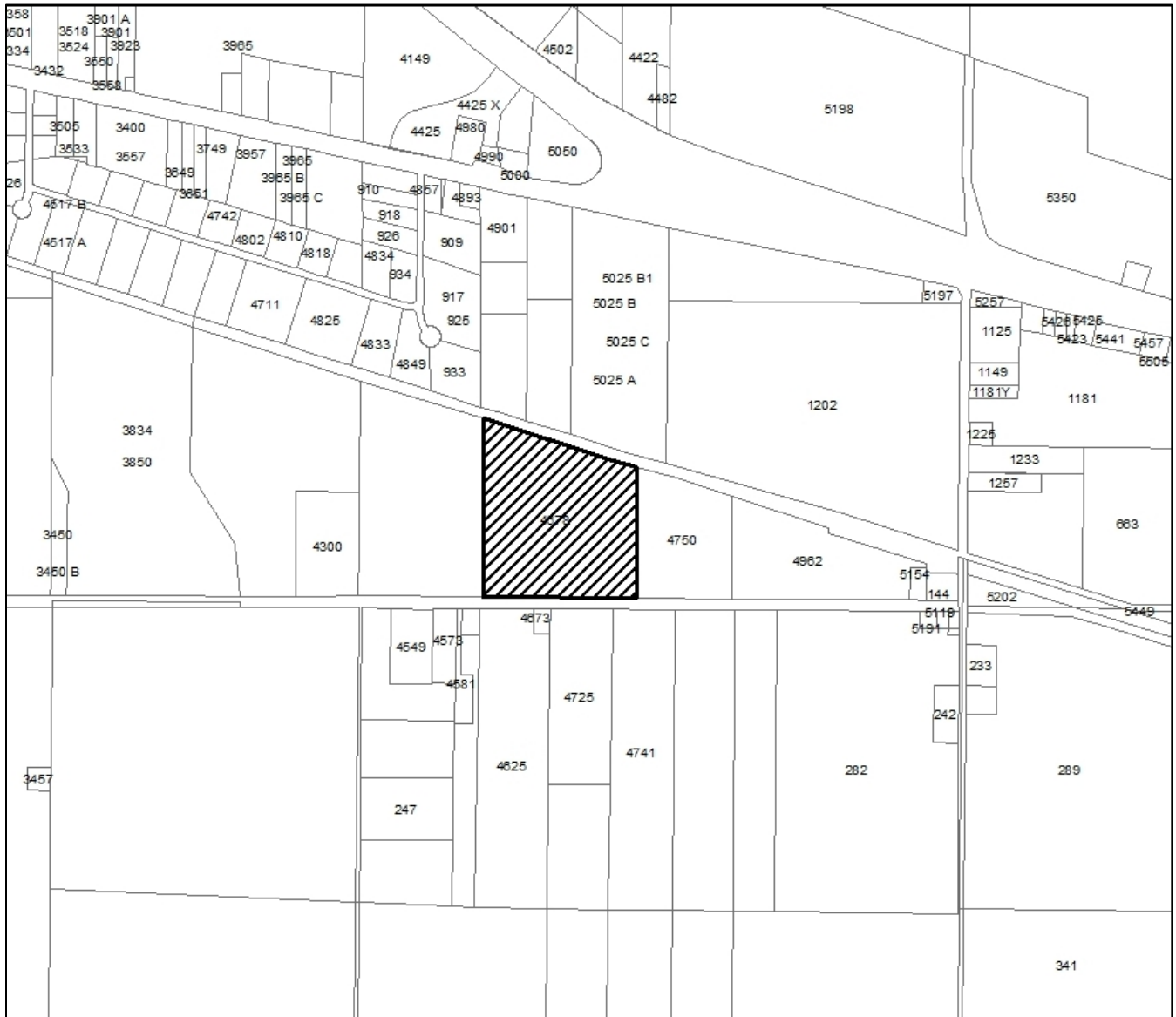
CITY ATTORNEY

ORDINANCE NO. _____

EXHIBIT A

Change the zoning classification of the following described land, from an Agricultural Open (AO) District to a Heavy Industrial (HI) District:

Location: 4678 FM 18, Legal description being 41.8 acres of the southwest quarter of Survey 44 Blind Asylum Lands, Abilene, Taylor County, Texas.



END

ZONING CASE Z-2023-10

STAFF REPORT

Scheduled Hearings

Planning & Zoning Commission: April 4, 2023

City Council 1st Reading: April 27, 2023

City Council 2nd Reading: May 11, 2023

Applicant

Owner: Bridgestone Bandag, LLC

Agent: Chris Daniel

Case Manager

Clarissa Ivey – Planner I

Request

Rezoning of approximately 41.8 acres from Agricultural Open (AO) to Heavy Industrial (HI). The owner intends to expand existing parking lot onto this property.

Location

The subject property is located at 4678 FM 18.

Legal description being 41.8 acres of the southwest quarter of Survey 44 Blind Asylum Lands, Abilene, Taylor County, Texas.

Background

- The subject property was annexed in 1986 and automatically zoned Agricultural Open (AO).
- A non-conforming parking lot exists along portion of the eastern boundary line, its unknown when the parking lot was built, but technically the subject should have been rezoned as industrial to allow it on this site.
- The applicant now proposes to expand the parking lot further onto the subject site and is requesting rezoning for that purpose.

Zoning, Existing and Proposed Land Use

Light Industrial (LI) zoning is located north of the subject property across the railroad tracks. Agricultural Open (AO) zoning to the west. To the south is a small tract of Agricultural Open (AO) zoning district surrounded by Heavy Industrial (HI) zoning. The Bridgestone Bandag facility is immediately east of the subject property and is zoned Heavy Industrial (HI) zoning.

Criteria Assessment

Section 1.4.1.4 of Abilene's Land Development Code states that, in making a determination regarding a requested zoning change, the Planning and Zoning Commission and the City Council may consider the following factors:

- (1) **Whether the proposed zoning map amendment implements the policies of the adopted Comprehensive Plan, including the land use classification of the property on the Future Land Use and Development Plan Map, as amended.**

The proposed request is consistent with the spirit and intent of the Comprehensive Plan and Future Land Use Map (FLUM).

- (2) **Whether the uses permitted by the proposed change in zoning classification and the standards applicable to such uses will be appropriate in the immediate area of the land to be reclassified.**

The proposed zoning classification would eliminate the nonconformity (parking lot) and allow the parking lot to be expanded to provide additional parking to the adjacent Bridgestone Bandag facility.

- (3) **Whether the proposed change is in accord with any existing or proposed plans for providing public schools, streets, water supply, sanitary sewers, and other public services and utilities to the area.**

This property has access to all required utilities.

- (4) **Any other factors, which will substantially affect the public health, safety, morals, or general welfare.**

None.

P&Z Recommendation

The Planning and Zoning Commission recommends **approval**.

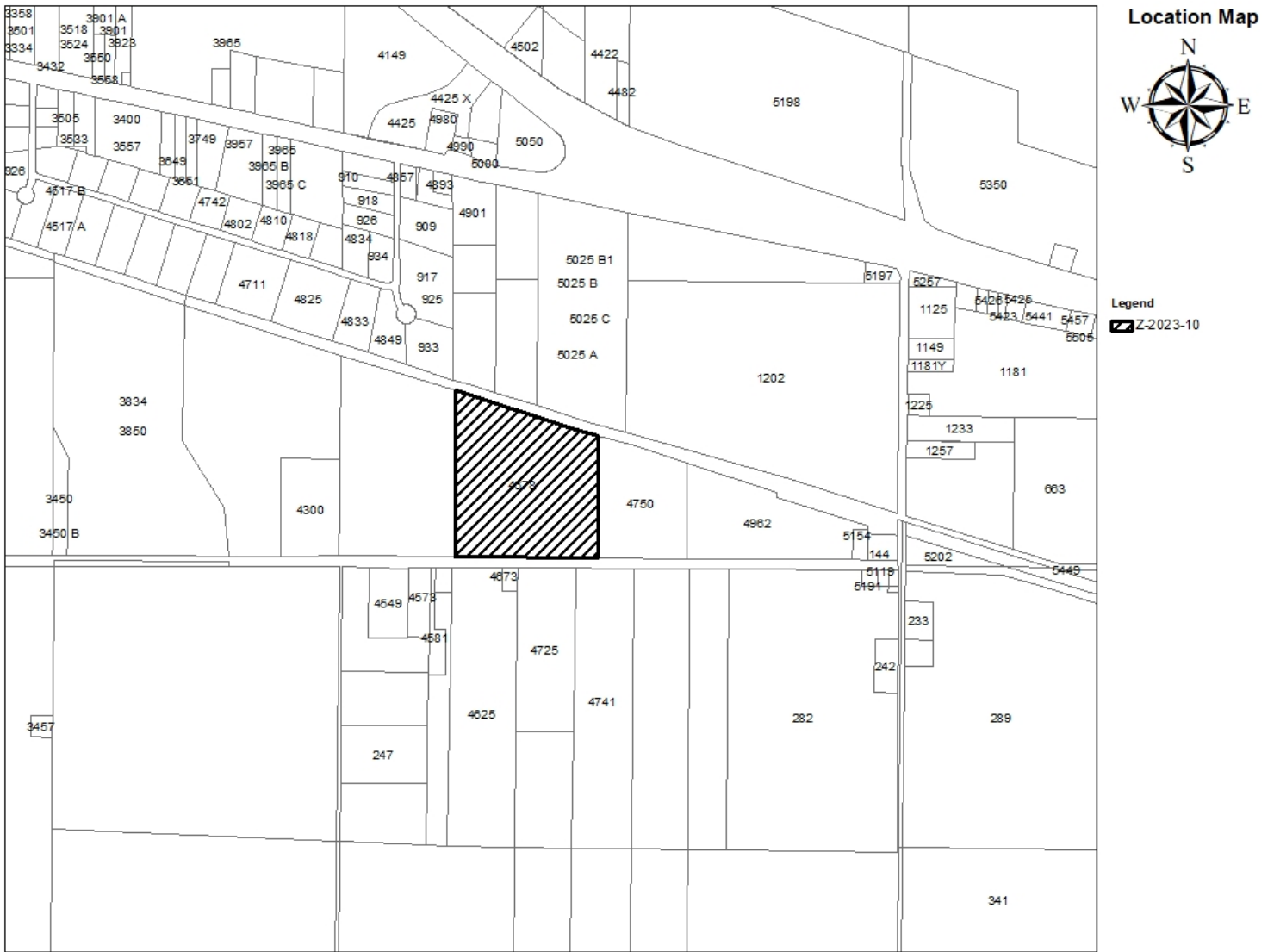
Notification

Owner			Legend O – Opposed F – In favor
Owner	Property ID	Situs	
ABILENE MAJESTIC LLC SERIES Q	31567	4725 FM 18	
BANDAG INC	73560	4678 FM 18	
BANDAG INC	64975	4750 FM 18	
BANDAG INC	73826		
C S ADVENTURES REAL EST	74559		
C S ADVENTURES REAL EST	34098	5025 C E HWY 80	F
C S ADVENTURES REAL EST	34098	5025 B E HWY 80	
C S ADVENTURES REAL EST	34098	5025 A E HWY 80	
C S ADVENTURES REAL EST	34098	5025 E HWY 80	
DEAVER CHAD & CORTNEY	30417	4741 FM 18	
MANKIN WELDON B SR	31693		
MOBILE HOME CONCEPTS	35640	933 OIL CENTER DR	
MUELLER INC	30805	4625 FM 18	
SKINNYS INC	31821	4673 FM 18	
WILLIAMSON RICHARD	74328		

Property ID

Owner	Property ID	Situs	Response
DEAVER CHAD & CORTNEY	30417	4741 FM 18	
MUELLER INC	30805	4625 FM 18	
ABILENE MAJESTIC LLC SERIES Q	31567	4725 FM 18	
MANKIN WELDON B SR	31693		
SKINNYS INC	31821	4673 FM 18	
C S ADVENTURES REAL EST	34098	5025 C E HWY 80	F
C S ADVENTURES REAL EST	34098	5025 B E HWY 80	
C S ADVENTURES REAL EST	34098	5025 A E HWY 80	
C S ADVENTURES REAL EST	34098	5025 E HWY 80	
MOBILE HOME CONCEPTS	35640	933 OIL CENTER DR	
BANDAG INC	64975	4750 FM 18	
BANDAG INC	73560	4678 FM 18	
BANDAG INC	73826		
WILLIAMSON RICHARD	74328		
C S ADVENTURES REAL EST	74559		

LOCATION MAP



ZONING MAP





REZONE REQUEST

Case: Z-2023-10

Owner: Bridgestone Bandag, LLC

Agent: Chris Daniel

Request: Rezone from AO to HI

Location: 4678 FM 18

Notification: 1 in Favor, 0 Opposed

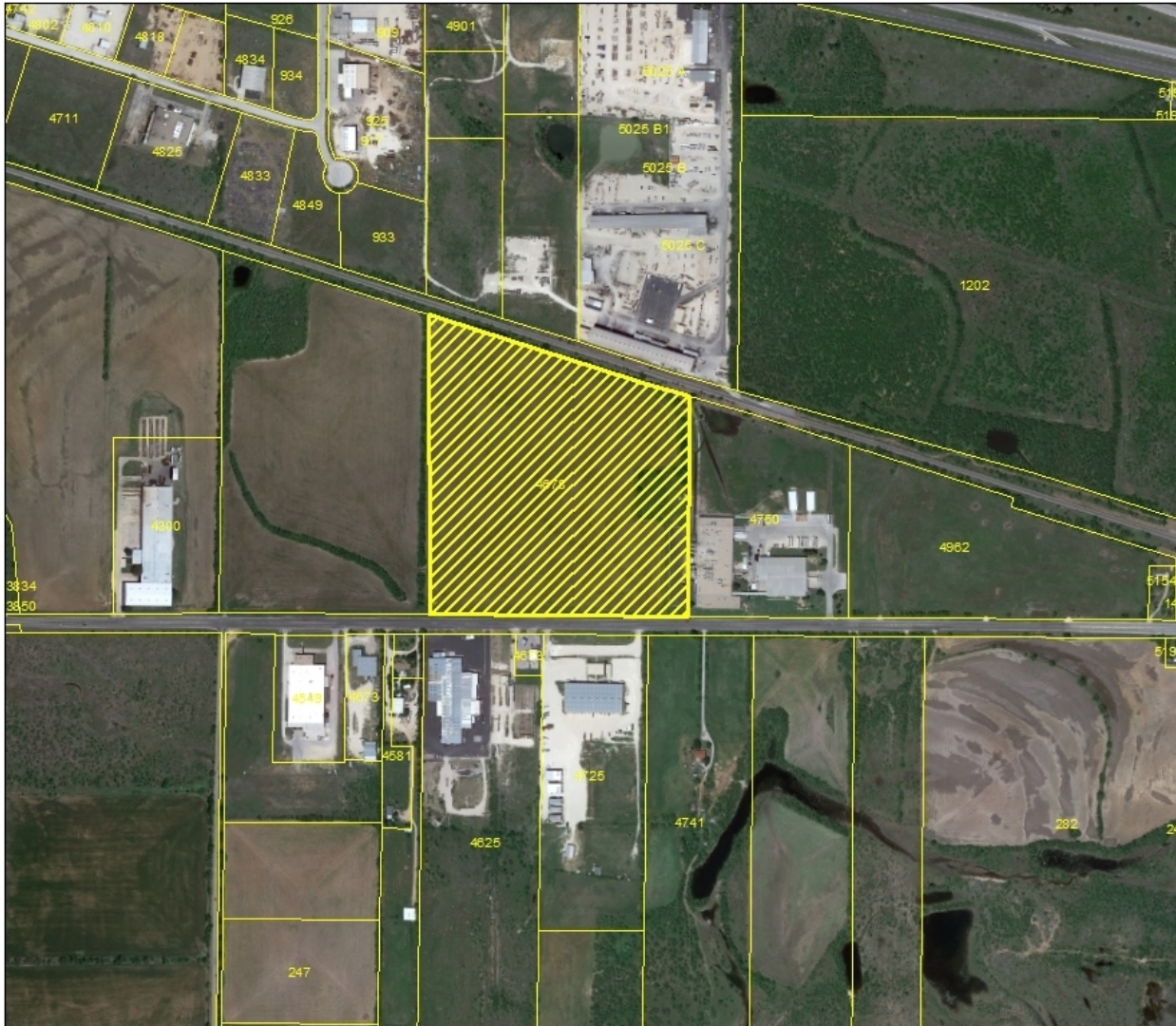
Planning & Zoning: April 4, 2023

City Council Hearing: April 27, 2023
May 11, 2023





Z-2023-10 AERIAL LOCATION MAP

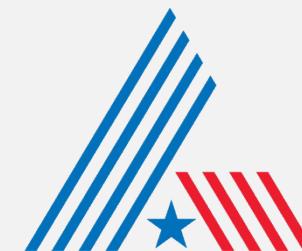


Aerial Map



Legend

- Z-2023-10
- CourierParcels



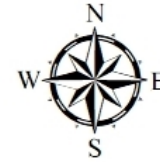
CITY OF
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Z-2023-10 ZONING MAP

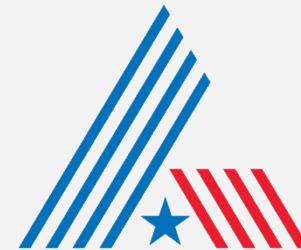


Zoning Map



Legend

- Z-2023-10
- Arterial
- Expressway
- Arterial
- Collector
- Expressway
- AO - Agricultural Open Space
- MH: Manufactured/M... Home
- GR: General Retail
- GC: General Commercial
- HC: Heavy Commercial
- LI: Light Industrial
- HI: Heavy Industrial
- PD: Planned Development



CITY OF
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TEXAS



USES IN AGRICULTURAL OPEN ZONING

RESIDENTIAL USES:

- C Bed & Breakfast
- P Dwelling— Industrialized Housing Unit
- P Dwelling – Single-Family Detached
- C Vacation Travel Trailer Park

ACCESSORY AND INCIDENTAL USES:

- P Accessory Structure (Also see Division 4 of this article)
- P Antenna, Non-Commercial/Amateur
- P Animal Lot
- P/C Day Care Operation – Home-Based*
- P Dwelling – Accessory*
- TP Field Office or Construction Office (temporary)*
- P Freight Container*
- P Garage Sale
- P Home Occupation
- C Mobile Home (permanent security residence)
- C Mobile Home (temporary security residence)
- TP Subdivision Sales Office (temporary)
- P Swimming Pool, Private (accessory to residential use)
- P Tennis Court, Private (accessory to residential use)
- P/SE Wind Energy Conversion Systems*

CULTURAL AND RECREATIONAL USES:

- p Civic, Social, and Fraternal Organization
- P Fairgrounds/Rodeo
- C Motorized Racing
- C Recreation – Outdoors (active)
- P Recreation – Outdoors (passive)
- P Zoo

GOVERNMENT, HEALTH, SAFETY AND WELFARE USES:

- P Community Home
- C Correction, Detention, or Penal Facilities
- P Fire/Police Station
- C Military and Armed Forces Reserve Center
- C Sanitary Landfill

EDUCATIONAL AND RELIGIOUS USES:

- C Cemetery, Crematorium, and Mausoleum
- P Church or Place of Worship
- P School: Public/Private

SERVICE

- C Kennel (with outdoor pens)
- P Kennel (without outdoor pens)
- P Veterinary Service (all size animals)

TRADE – RETAIL USES

- C Liquor Store (on premises consumption) (Defined under Liquor Store)

TRANSPORTATION, COMMUNICATION AND UTILITIES:

- C Airport, Heliport and Flying Field Terminals – Commercial
- C Antenna Tower – Commercial
- P Public Utility Facility
- C Utility Generation, Production, Treatment

RESOURCE PRODUCTION AND EXTRACTION USES:

- P Farming, Ranching & Livestock, Hatchery
- C Mining
- C Petroleum or Gas Well
- P Urban Garden

LEGEND

- P Permitted as a Right-of-Use (may be subject to compliance with conditions described within Division 3- Requirements Applicable to Specific Land Uses of the Land Development Code)
- C Permitted as a Conditional Use Permit, Requiring Approval by City Council
- TP Permitted by Temporary Permit Only, Requiring Approval by Board of Adjustment





USES IN HEAVY INDUSTRIAL ZONING

ACCESSORY AND INCIDENTAL USES:

- P Accessory Structure (Also see Division 4 of this article)
- P Antenna, Non-Commercial/Amateur
- P ATM's, Self-Serve Kiosks, and Similar Facilities
- TP Field Office or Construction Office (temporary)
- P Freight Container
- P Manufacturing (incidental)
- C Mobile Home (permanent security residence)
- TP Mobile Home (temporary security residence)
- P Recreation Building, Multipurpose
- P Recycling Collection Point
- P/SE Wind Energy Conversion Systems

CULTURAL AND RECREATIONAL USES:

- P Adult Entertainment Enterprise
- C Motorized Racing

GOVERNMENT, HEALTH, SAFETY AND WELFARE USES:

- P Fire/Police Station
- P Homeless/Emergency Shelter
- P Post Office
- P Sanitary Landfill

EDUCATIONAL AND RELIGIOUS USES:

- P Church or Place of Worship
- P Educational and Scientific Research
- P School: Public/Private

SERVICE

- P Contractor Services
- P Recycling Collection and Processing Center
- P Scales (public)
- P Wrecker/Towing

TRADE – RETAIL USES

- P Head Shop
- C Scrap and Waste Material

TRADE – WHOLESALE USES

- C Livestock – Wholesale or Auction
- P Wholesaling and Storage (indoor)
- P Wholesaling and Storage (outdoors)

TRANSPORTATION, COMMUNICATION AND UTILITIES:

- P Airport, Heliport and Flying Field Terminals - Commercial (passenger and freight)
- P Antenna Tower - Commercial
- P Automobile Parking Lot or Structure - Commercial
- P Pressure Control Station
- P Public Utility Facility
- P Railroad Switching and Marshaling Yard
- P Utility Generation, Production, Treatment

RESOURCE PRODUCTION AND EXTRACTION USES:

- P Mining
- P Petroleum or Gas Well
- P Liquor
- P Manufacturing (light)
- P Manufacturing (heavy)
- P Urban Garden

LEGEND

- P Permitted as a Right-of-Use (may be subject to compliance with conditions described within Division 3- Requirements Applicable to Specific Land Uses of the Land Development Code)
- C Permitted as a Conditional Use Permit, Requiring Approval by City Council
- TP Permitted by Temporary Permit Only, Requiring Approval by Board of Adjustment





Z-2023-10 VIEWS OF SUBJECT PROPERTY



East Neighboring Property



Subject Property



Subject Property



South Neighboring Property

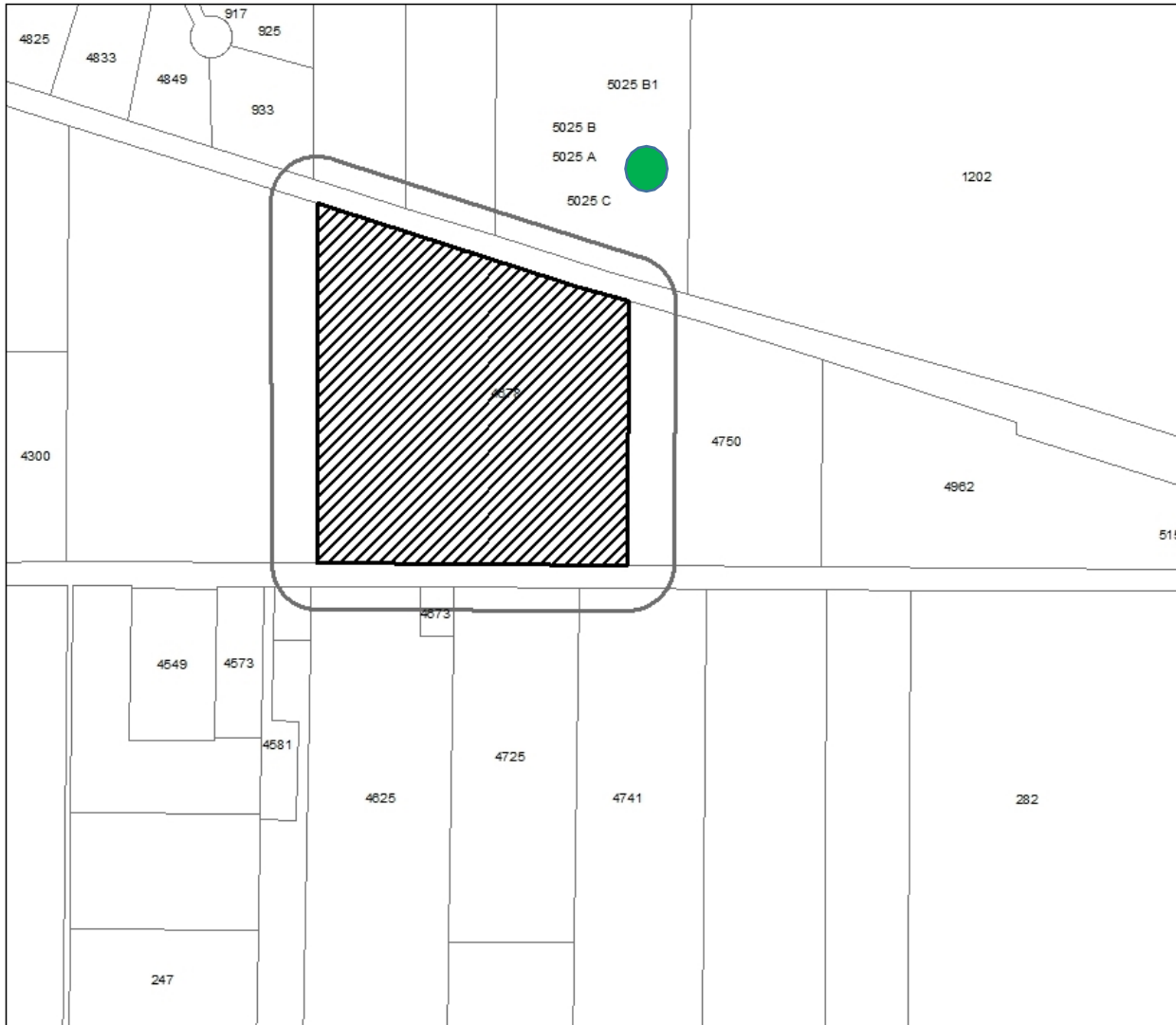


South Neighboring Property





Z-2023-10 NOTIFICATION AREA MAP



Notification Map



Legend

- 200' Buffer
- Z-2023-10

- 1- In Favor- ●
- 0- Opposed- ●





FINDINGS AND RECOMMENDATIONS

The proposed request is consistent with:

- The Comprehensive Plan;
- The surrounding uses and zoning;
- Generally accepted planning principals; and
- The Criteria for Approval in the LDC.

P&Z Recommendation: **Approval**





Questions?





City Council Agenda Memo

City Council Meeting Date: 4/27/2023

TO: Robert Hanna, City Manager

FROM: Tim Littlejohn, Director of Planning & Development Services

SUBJECT: **11. Ordinance (First Reading) Z-2023-12; Receive a Report, Hold a Discussion and Take Action on a request from KPLB LLC to amend the terms of PDD-155. More specifically, this request is to change the base zoning of the north three hundred feet of this PD from Neighborhood Office (NO) to Neighborhood Retail (NR), located on the 4600 Block of Antilley Road (*Tim Littlejohn*)**

GENERAL INFORMATION

In 2016, Planned Development District Number 155 (PDD-155) was approved to allow for certain neighborhood office uses and single-family patio home residential use. The PD describes the northern three hundred feet (300') be governed by the terms and conditions of the Neighborhood Office (NO) zoning, except for multi-family residential use shall not be allowed. The remainder of the PD is designated to be used for Patio Home (PH). The applicant proposes to amend PDD-155 by changing the base zoning of the northern three hundred feet (300') of PDD from Neighborhood Office (NO) to Neighborhood Retail (NR).

SPECIAL CONSIDERATIONS

FUNDING/FISCAL IMPACT

STAFF RECOMMENDATION

Staff recommends approval.

BOARD OR COMMISSION RECOMMENDATION

The Planning and Zoning Commission recommends approval by a vote of 5-0.

ATTACHMENTS:

1. Z-2023-12 Ordinance
2. Z-2023-12 Staff ReportRSA
3. 32-2016_Zoning_PD_155_4500 Block of Antilley Rd
4. 4601 Antilley Road Z-2023-12
5. 4534 Ebbets Drive
6. 6250 Stadium Drive
7. Z-2023-12 Presentation

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS, AMENDING THE, "LAND DEVELOPMENT CODE" OF THE ABILENE CITY CODE, CONCERNING PDD-155 AND ORDINANCE NO. 32-2016 A PLANNED DEVELOPMENT DISTRICT; CALLING A PUBLIC HEARING; PROVIDING A PENALTY AND AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

PART 1: That Chapter 23 of the Land Development Code of the City of Abilene, is hereby amended by changing Ordinance No. 32-2016, as set out in Exhibit A, attached hereto and made a part of this ordinance for all purposes.

PART 2: That any person, firm or corporation violating any of the provisions of this chapter shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine of not more than Five Hundred Dollars (\$500.00). Each day such violation shall continue or be permitted to continue, shall be deemed a separate offense.

PART 3: That the Planning Director be, and is hereby authorized and directed to change the official Zoning Map of the City of Abilene to correctly reflect the amendments thereto.

PASSED ON FIRST READING the 27th day of April, 2023.

A notice of the time and place, where and when said ordinance would be given a public hearing and considered for final passage, was published in the *Abilene Reporter-News*, a daily newspaper of general circulation in the City of Abilene, said publication being on the 17th day of March, 2023, the same being more than fifteen (15) days prior to a public hearing held in the Council Chamber of the City Hall in Abilene, Texas, at 8:30 a.m. on the 11th day of May, 2023, to permit the public to be heard prior to final consideration of this ordinance. Said ordinance, being a penal ordinance, becomes effective ten (10) days after its publication in the newspaper, as provided by Section 19 of the Charter of the City of Abilene.

PASSED ON FINAL READING THIS 11th day of May, 2023.

ATTEST:

CITY SECRETARY

MAYOR

APPROVED:

CITY ATTORNEY

ORDINANCE NO. _____

EXHIBIT A

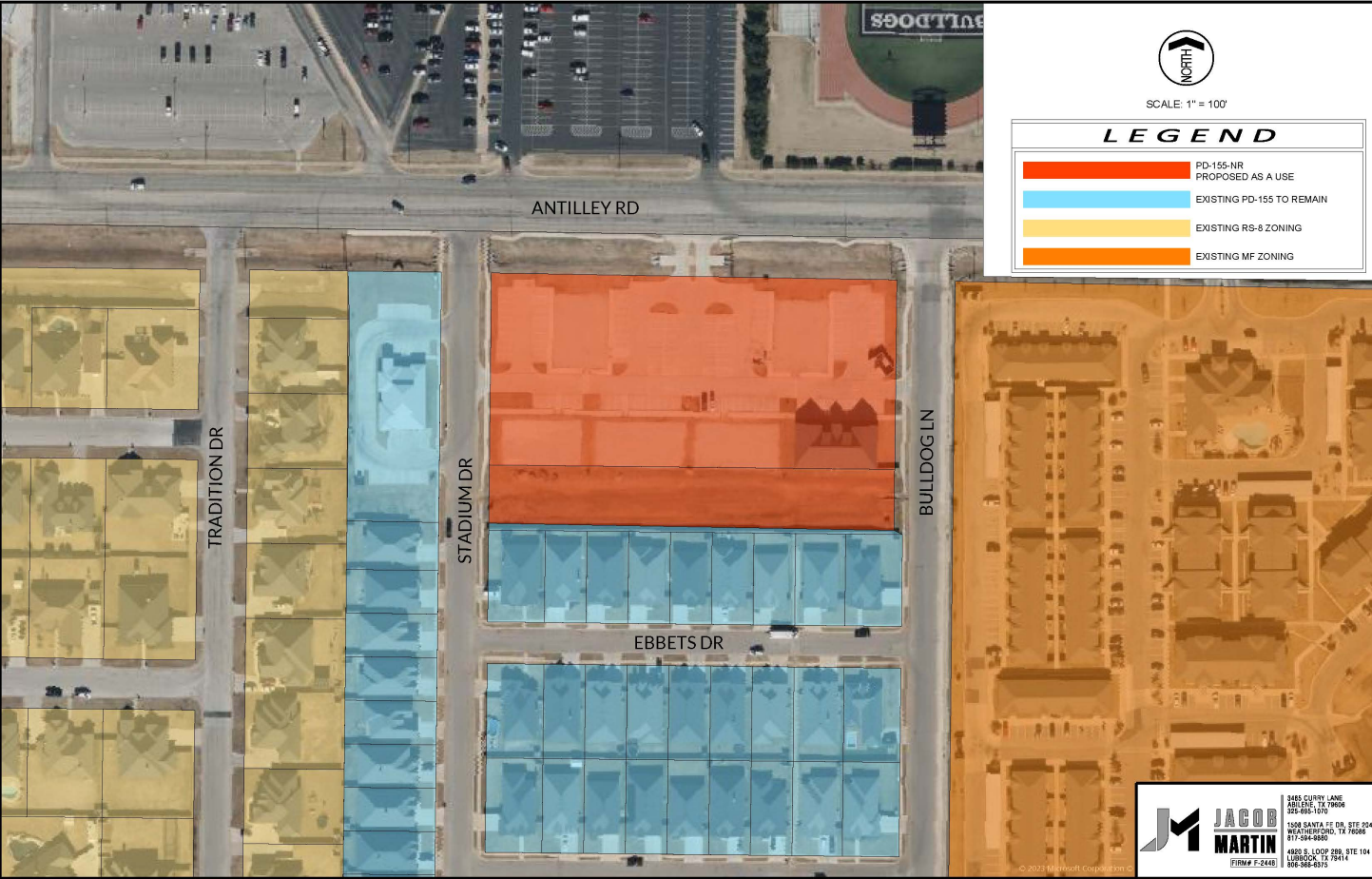
1st Amendment to Ordinance No. 32-2016

Location: 4601 Antilley Road, in the Antilley Road West Subdivision, Block A, Lot 101 & 102, Abilene, Taylor County, Texas.

AMEND: PART 7: Specific Modifications.

DELETE: Use and development of the northern three hundred (300) feet of this PD (Planned Development) District shall be governed by terms and conditions of the NO (Neighborhood Office) zoning classification, except that multi-family residential use shall not be allowed.

ADD: Use and development of the northern three hundred (300) feet of the 4600 block of Antilley Road within this PD (Planned Development) District shall be governed by terms and conditions of the NR (Neighborhood Retail) zoning classification, except that multi-family residential use shall not be allowed.



END

ZONING CASE Z-2023-12

STAFF REPORT

Scheduled Hearings

Planning & Zoning Commission: April 4, 2023
City Council 1st Reading: April 27, 2023
City Council 2nd Reading: May 11, 2023

Applicant

Owner: KPLB LLC
Agent: Clayton Farrow

Case Manager

Mason Teegardin – Planner

Request

Amend the terms of PDD-155 by changing the base zoning of PDD-155.

Location

4601 Antilley Road, in the Antilley Road West Addition, Block A, Lot 101 and 102.

Background

In 2016, Planned Development District Number 155 (PDD-155) was approved to allow for certain neighborhood office uses and single-family patio home residential use. The PD describes the northern three hundred feet (300') be governed by the terms and conditions of the Neighborhood Office (NO) zoning, except for multi-family residential use shall not be allowed. The remainder of the PD is designated to be used as for Patio Home (PH).

Existing Uses/Zoning

Properties to the east are zoned Multi-Family (MF). Properties to the south are patio homes, located within PDD-155. Properties to the west are zoned Single Family Residential-8 (RS-8). To the north is Agricultural Open (AO) zoning.

Proposed Modification

The applicant proposes to amend PDD-155 by changing the base zoning of the northern three hundred feet (300') of PDD from Neighborhood Office (NO) to Neighborhood Retail (NR).

Criteria Assessment

Section 1.4.1.4 of Abilene's Land Development Code states that, in making a determination regarding a requested zoning change, the Planning and Zoning Commission and the City Council may consider the following factors:

(1) Whether the proposed zoning map amendment implements the policies of the adopted Comprehensive Plan, including the land use classification of the property on the Future Land Use and Development Plan, as amended.

The proposed changes are consistent with the new Comprehensive Plan and Future Land Use Plan and with the spirit and intent of PDD-155, which was to allow higher density single-family uses (patio homes) and low intensity office uses. The intensity of uses in the NO district are comparable with the intensity of the NR district.

- (2) Whether the uses permitted by the proposed change in zoning classification and the standards applicable to such uses will be appropriate in the immediate area of the land to be reclassified.**

The proposed Neighborhood Retail zoning would be compatible with the surrounding neighborhoods and school uses and appropriate at this location.

- (3) Whether the proposed change is in accord with any existing or proposed plans for providing public schools, streets, water supply, sanitary sewers, and other public services and utilities to the area.**

The subject site has adequate utility services for retail uses.

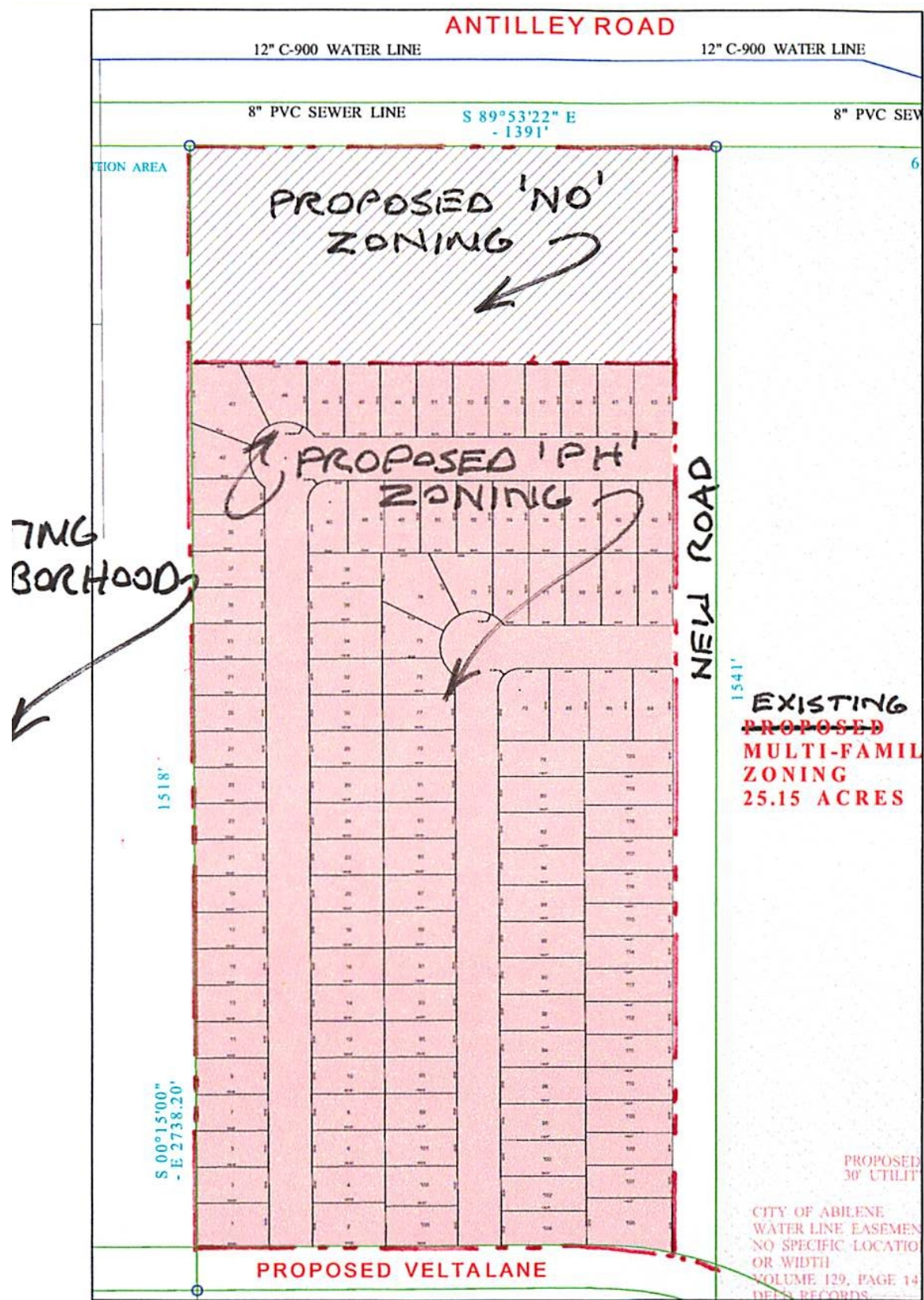
- (4) Any other factors, which will substantially affect the public health, safety, morals, or general welfare.**

None.

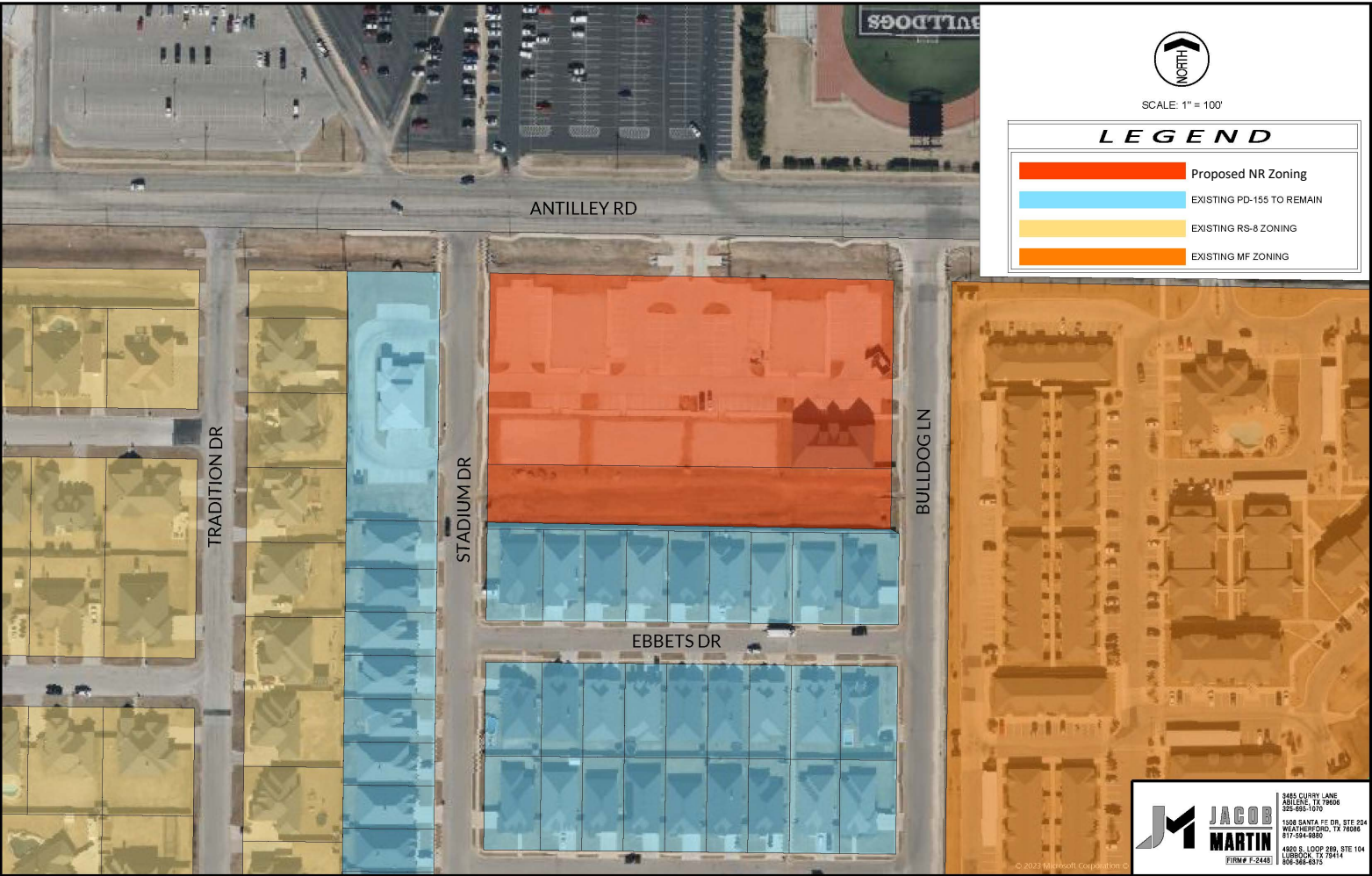
P&Z Recommendation

The Planning and Zoning Commission recommends **approval**.

Original Concept Plan



Proposed Concept Plan



Notification**X – Not applicable****O – Opposed****F – In favor**

Owner	Property ID	Situs	Response
GRANT DERRICK JR & LAUREN N	1016402	4525 EBBETS DR	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2101	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2102	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2103	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2104	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2105	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2106	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2001	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2002	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2003	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2004	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2005	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 2006	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1901	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1902	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1903	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1904	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1905	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1906	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1801	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1802	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1803	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1804	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1805	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1806	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1701	
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TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1703	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1704	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1705	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1706	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1601	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1602	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1603	

TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1604	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 611	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 612	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 613	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 614	
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TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 711	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 712	
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TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 715	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 716	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 717	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 718	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 721	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 722	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 723	

TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 724	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 725	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 726	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 727	
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TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 324	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 222	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 221	
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TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 102	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 103	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 104	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 105	
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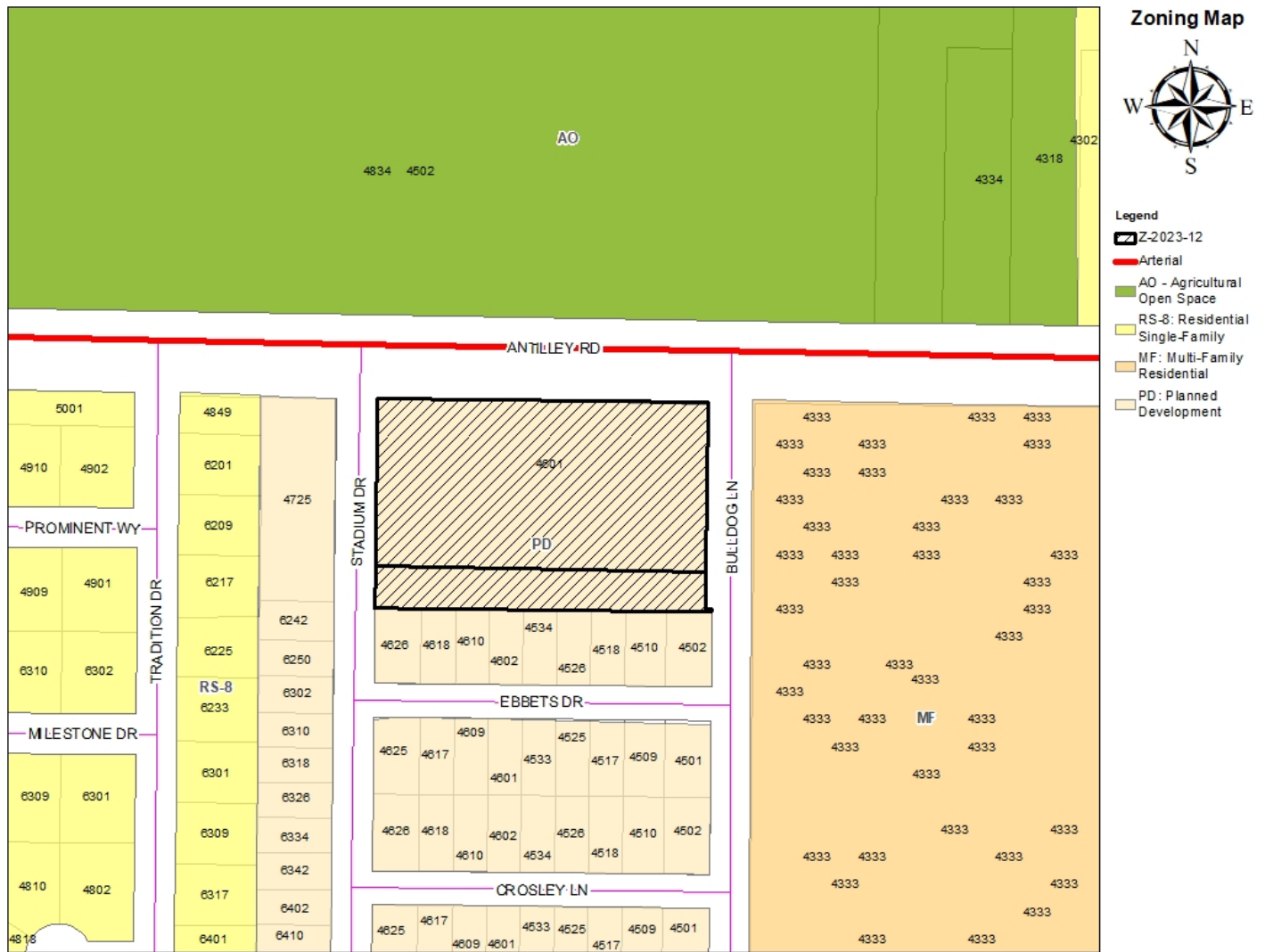
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1502	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1503	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1504	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1301	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1302	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1303	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1304	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1401	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1402	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1403	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1404	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1201	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1202	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1203	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1204	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 911	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 912	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 913	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 914	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 918	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 917	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 916	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 915	
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TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1013	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1014	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1015	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1016	
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TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1113	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 927	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 925	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1121	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 921	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1123	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1021	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1023	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1027	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1122	

TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 924	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1028	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1025	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 922	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 926	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 923	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1024	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 928	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1022	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1026	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD APT 1124	
TIGRIS XIII LTD	1002028	4333 ANTILLEY RD	
RICHARDS JAMES Q & SANDRA Q	108909	6209 TRADITION DR	
C L B TRIBE INC	108913	4849 ANTILLEY RD	
COLE J DIANE	1016427	6302 STADIUM DR	
COLEYSQUARED MANAGEMENT LLC	1016424	4725 ANTILLEY RD	
GUERRA ELIAS SR & CORINA	108908	6201 TRADITION DR	
TRAN HA THU	1002566	6217 TRADITION DR	
VILLARREAL EDUARDO & KRYSTAL	108911	6225 TRADITION DR	
TRAN QUE VAN	1016428	6310 STADIUM DR	
RALEY BRADLEY & KAYLEY	1016390	4526 EBBETS DR	
BACON SARAH H	1016397	4625 EBBETS DR	
KENNEY RUTH	1016389	4534 EBBETS DR	O
QUINTANILLA BENJAMIN &	1016400	4601 EBBETS DR	
DACO AILEEN JAN	1016386	4618 EBBETS DR	
UHLE JOSEPH ROBERT & BRIDGET MOTT	1016405	4501 EBBETS DR	
CRAMER CAITLIN M	1062793	4610 EBBETS DR	
WINTERS STEPHEN C & DEBRA K	108912	6233 TRADITION DR	
PILLOT JAMES N JR & VERONICA	1016399	4609 EBBETS DR	
BONDOC ARTHUR S & IVY	1016392	4510 EBBETS DR	
HOBSON RANDALL & CLOANNE	1016385	4626 EBBETS DR	
HIGH COUNTRY RENTALS LLC	1016425	6242 STADIUM DR	
BOLLWITT ALEXANDER J & BRIANA L	1016426	6250 STADIUM DR	O
HEMLINGER MICHAEL & DEBORAH	1016403	4517 EBBETS DR	
KPLB LLC	1058243		F
JACKSON WILLIAM L & SARAH E	1016388	4602 EBBETS DR	
MAYOR JASON C & MA J	1016401	4533 EBBETS DR	
RAWLINGS JESSE EUGENE EDMONDSON &	1016393	4502 EBBETS DR	
KPLB LLC	1016394	4601 ANTILLEY RD	F
MOODY SALLY A	1016404	4509 EBBETS DR	
DUARTE KEVIN & MADISON	1016398	4617 EBBETS DR	
WYLIE IND SCHOOL DIST	980402	4502 ANTILLEY RD	
WYLIE IND SCHOOL DIST	980402	4834 ANTILLEY RD	
GORDON ANDRE STEVEN	1016391	4518 EBBETS DR	

LOCATION MAP



ZONING MAP



AN ORDINANCE OF THE CITY OF ABILENE, TEXAS, AMENDING CHAPTER 23, "LAND DEVELOPMENT CODE," OF THE ABILENE MUNICIPAL CODE, CONCERNING PD-155 A PLANNED DEVELOPMENT; CALLING A PUBLIC HEARING; PROVIDING A PENALTY AND AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

PART 1: That Chapter 23, part known as the Land Development Code of the City of Abilene, is hereby amended by changing the zoning district boundaries as set out in Exhibit "A," attached hereto and made a part of this ordinance for all purposes.

PART 2: That any person, firm or corporation violating any of the provisions of this chapter shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine of not more than Five Hundred Dollars (\$500.00). Each day such violation shall continue or be permitted to continue, shall be deemed a separate offense.

PASSED ON FIRST READING this 23th day of June A.D. 2016.

A notice of the time and place, where and when said ordinance would be given a public hearing and considered for final passage, was published in the Abilene Reporter-News, a daily newspaper of general circulation in the City of Abilene, said publication being on the 15th day of April, 2016, the same being more than fifteen (15) days prior to a public hearing to be held in the Council Chamber of the City Hall in Abilene, Texas, at 8:30 p.m., on the 14th day of July, 2016, to permit the public to be heard prior to final consideration of this ordinance. Said ordinance, being a penal ordinance, becomes effective ten (10) days after its publication in the newspaper, as provided by Section 19 of the Charter of the City of Abilene.

PASSED ON SECOND AND FINAL READING THIS 28th day of July, A.D. 2016.

ATTEST:


CITY SECRETARY


MAYOR

APPROVED:


CITY ATTORNEY

ORDINANCE NO. 32-2016

Exhibit "A"

PART 1: Land Title. Title to land not dedicated to public use and services or for utility purposes and not otherwise designated for development purposes shall remain in possession of the owner thereof, his heirs, assigns, lessees and successors in interest and shall not be the responsibility of the City of Abilene for any purpose.

PART 2: Development Specifications. All development in the Planned Development shall be in accordance with any maps, topographical and drainage plans, utility plans, architectural drawings, site plan, plat, and any other required plans filed in connection with this requested Planned Development, which are hereby incorporated by reference and included as part of this ordinance. All use and development within the Planned Development must be in compliance with the general Comprehensive Zoning Ordinance of the City of Abilene except as otherwise specifically provided herein.

PART 3: Building Specifications. All structures in the herein said Planned Development shall be constructed in accordance with all pertinent building and construction codes of the City of Abilene.

PART 4: Zoning. That Chapter 23, Abilene Municipal Code, part known as the Land Development Code of the City of Abilene, is hereby further amended by changing the zoning district boundaries, as hereinafter set forth: From RS-6 (Single-Family Residential) to PD (Planned Development) zoning.

That the Planning Director be, and is hereby authorized and directed to change the official Zoning Map of the City of Abilene to correctly reflect the amendments thereto.

PART 5: Legal Description. The legal description of this PD is as follows:

AO417 SUR 101 WM E VAUGHN, ACRES 26.299



Location:
Being ±26.3 acres located on the south side of
the 4500 block of Antilley Rd

PART 6: Purpose. The purpose of the Planned Development (PD) request is to allow for certain neighborhood office uses and single-family patio home residential uses on subject property.

PART 7: Specific Modifications. Use and development of the northern three hundred (300) feet of this PD (Planned Development) District shall be governed by terms and conditions of the NO (Neighborhood Office) zoning classification, except that multi-family residential use shall not be allowed.

PART 8: Specific Modifications. Use and development of the remaining part of this PD (Planned Development) District shall be governed by terms and conditions of the PH (Patio Home) zoning classification.

PART 9: Land Subdivision. Subdivision or re-subdivision of land within this PD (Planned Development) District shall be undertaken in conformance with Subdivision Regulations for the City of Abilene at the time of subdivision or re-subdivision.

-END-



KPLB LLC
3409 S 14TH ST STE 204
ABILENE, TX 79605-4956

NOTICE OF PUBLIC HEARING

RE: Zoning Application Number Z-2023-12

3/17/2023

The Planning and Zoning Commission will hold a public hearing on **April 4, 2023 at 1:30 PM**, in the Council Chambers at 555 Walnut St. in Abilene, Texas vote to recommend approval or denial to City Council on a request from KPLB LLC to amend the terms of PDD-155. More specifically this request is to change the base zoning of the north three hundred feet of this PD from Neighborhood Office to Neighborhood Retail. Located at 4601 Antilley Road. Legal description being lots 101 and 102, Block A, Antilley Road West Addition, Abilene, Taylor County, Texas.

This hearing is open to any interested person. Opinions, objections and/or comments relative to this matter may be expressed in writing or in person at the hearing. At the bottom of this letter is a form that you may cut off, fill out, and mail. Comments are also accepted by email as indicated below. All written responses must be signed.

The attached map shows the area of this request. Only the area highlighted by striped lines shown on that map is being considered for a change of zoning. The solid boundary line surrounding this subject area is only a notification area. If approved by the Planning and Zoning Commission, or if denied and promptly appealed to Abilene's City Council, this case will be heard by City Council for 2nd and Final Reading with a public hearing on **May 11, 2023 at 8:30 AM** in Council Chambers on the second floor of City Hall, 555 Walnut Street.

If you have any questions, please contact Mason Teegardin at telephone 325-676-6490 or by email address planning@abilenetx.gov

For the PLANNING & ZONING COMMISSION
Please call (325) 676-6237 if you have any questions about this notice.

CASE #: Z-2023-12

You may indicate your position on the above request by detaching this sheet at the dotted line and returning it to the address below. You may attach additional sheets if needed. You may also email your position to the email address listed below. All correspondence must include your name and address.

Name: KPLB LLC
Parcel I.D.: 1058243
Address:

Mailing To: Planning and Development Services
P.O. Box 60, Abilene TX 79604-0060

Email: planning@abilenetx.gov

I am in favor ☒ I am opposed ☐
Additional Comments:

Signature: _____

A handwritten signature in black ink, consisting of a stylized 'K' and 'L' followed by a large circular flourish, written over a horizontal line.



KPLB LLC
3409 S 14TH ST STE 204
ABILENE, TX 79605-4956

NOTICE OF PUBLIC HEARING

RE: Zoning Application Number Z-2023-12

3/17/2023

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For the PLANNING & ZONING COMMISSION
Please call (325) 676-6237 if you have any questions about this notice.

CASE #: Z-2023-12

You may indicate your position on the above request by detaching this sheet at the dotted line and returning it to the address below. You may attach additional sheets if needed. You may also email your position to the email address listed below. All correspondence must include your name and address.

Name: KPLB LLC
Parcel I.D.: 1016394
Address: 4601 ANTILLEY RD

Mailing To: Planning and Development Services
P.O. Box 60, Abilene TX 79604-0060

Email: planning@abilenetx.gov

I am in favor ☒ I am opposed ☐
Additional Comments:

Signature: _____

A handwritten signature in black ink, appearing to be "K O", is written over a horizontal line.



KENNEY RUTH
4534 EBBETS DR
ABILENE, TX 79606-4928

NOTICE OF PUBLIC HEARING

RE: Zoning Application Number Z-2023-12

3/17/2023

The Planning and Zoning Commission will hold a public hearing on **April 4, 2023 at 1:30 PM**, in the Council Chambers at 555 Walnut St. in Abilene, Texas vote to recommend approval or denial to City Council on a request from KPLB LLC to amend the terms of PDD-155. More specifically this request is to change the base zoning of the north three hundred feet of this PD from Neighborhood Office to Neighborhood Retail. Located at 4601 Antilley Road. Legal description being lots 101 and 102, Block A, Antilley Road West Addition, Abilene, Taylor County, Texas.

This hearing is open to any interested person. Opinions, objections and/or comments relative to this matter may be expressed in writing or in person at the hearing. At the bottom of this letter is a form that you may cut off, fill out, and mail. Comments are also accepted by email as indicated below. All written responses must be signed.

The attached map shows the area of this request. Only the area highlighted by striped lines shown on that map is being considered for a change of zoning. The solid boundary line surrounding this subject area is only a notification area. If approved by the Planning and Zoning Commission, or if denied and promptly appealed to Abilene's City Council, this case will be heard by City Council for 2nd and Final Reading with a public hearing on **May 11, 2023 at 8:30 AM** in Council Chambers on the second floor of City Hall, 555 Walnut Street.

If you have any questions, please contact Mason Teegardin at telephone 325-676-6490 or by email address planning@abilenetx.gov

For the PLANNING & ZONING COMMISSION
Please call (325) 676-6237 if you have any questions about this notice.

MAR 30 AM 8:43

CASE #: Z-2023-12

You may indicate your position on the above request by detaching this sheet at the dotted line and returning it to the address below. You may attach additional sheets if needed. You may also email your position to the email address listed below. All correspondence must include your name and address.

Name: KENNEY RUTH
Parcel I.D.: 1016389
Address: 4534 EBBETS DR

Mailing To: Planning and Development Services
P.O. Box 60, Abilene TX 79604-0060

Email: planning@abilenetx.gov

I am in favor ☐

I am opposed ☒

Additional Comments:

Signature: Ruth Kenney

When I bought my house on Ebbets, I was told the property behind my fence would only be used for neighborhood office not for retail. Using it for retail purposes is not satisfactory. Also, this property is directly across the street from Wylie High School in a school zone. Using it for retail could certainly cause a hazardous situation with traffic and the students of the school.

Farr, Melissa <melissa.farr@abilenetx.gov>

[Planning] Zoning Application Number Z-2023-12

1 message

Alex Bollwitt <alex.bollwitt@gmail.com>
To: planning@abilenetx.gov

Mon, Apr 3, 2023 at 2:32 PM

Alexander Bollwitt, parcel ID 1016426

All,

Is this zoning request going to allow private retail business to build/open/sell on [4601 Antilley Road](#)?

If the answer is yes, as a resident of the neighborhood since 2019 I am opposed to the change of zoning. Antilley In this area is already overcrowded and dangerous with high school traffic and the amount of people that live in the houses and apartments.

Additionally, the construction would once again be overwhelming (as it has in the last 3 years with housing construction) and would be so detrimental to the livelihood of the community and high school. There is already enough horror stories of pets getting hit and left by transient drivers and kids almost getting hit.

There is also a retail strip not even .1 of a mile away from the proposed site around the corner on Buffalo gap. Please do not let this zone be changed. Thank you.

Alex Bollwitt
[6250 Stadium Drive, Abilene, Tx](#)

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You received this message because you are subscribed to the Google Groups "Planning Services" group.
To unsubscribe from this group and stop receiving emails from it, send an email to planning+unsubscribe@abilenetx.gov.
To view this discussion on the web visit <https://groups.google.com/a/abilenetx.gov/d/msgid/planning/CA%2B67oL15GHirK1KrGU4BLZa9bxHetpYN6TzBWFRboUQ71KRFHQ%40mail.gmail.com>.



PLANNED DEVELOPMENT AMENDMENT

Case: Z-2023-12

Owner: KPLB LLC

Agent: Clayton Farrow

Request: Amend PDD-155

Location: 4601 Antilley Road

Notification: 2 in Favor, 2 Opposed

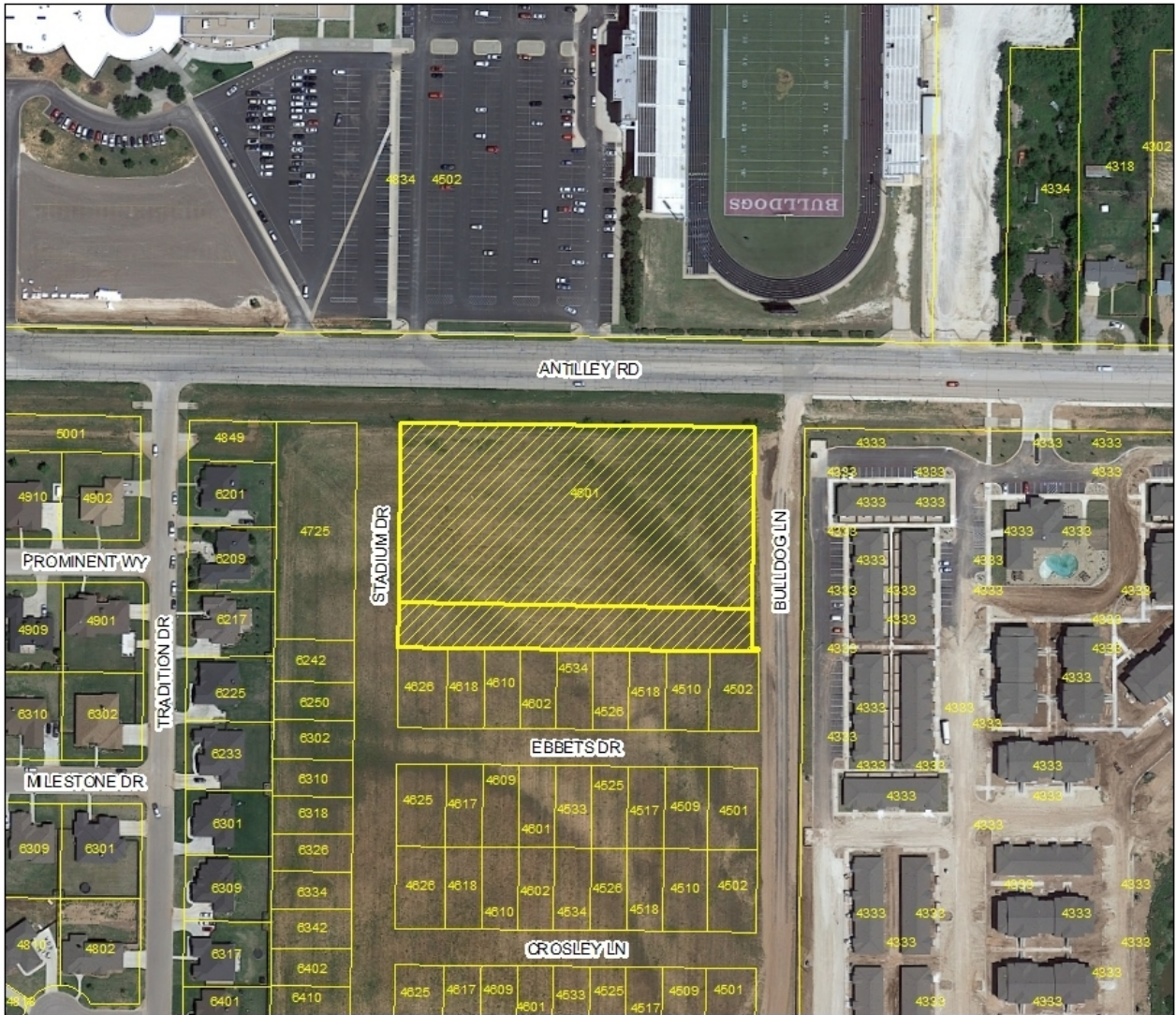
Planning & Zoning: April 4, 2023

City Council Hearing: April 27, 2023
May 11, 2023





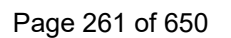
Z-2023-12 AERIAL LOCATION MAP



Legend

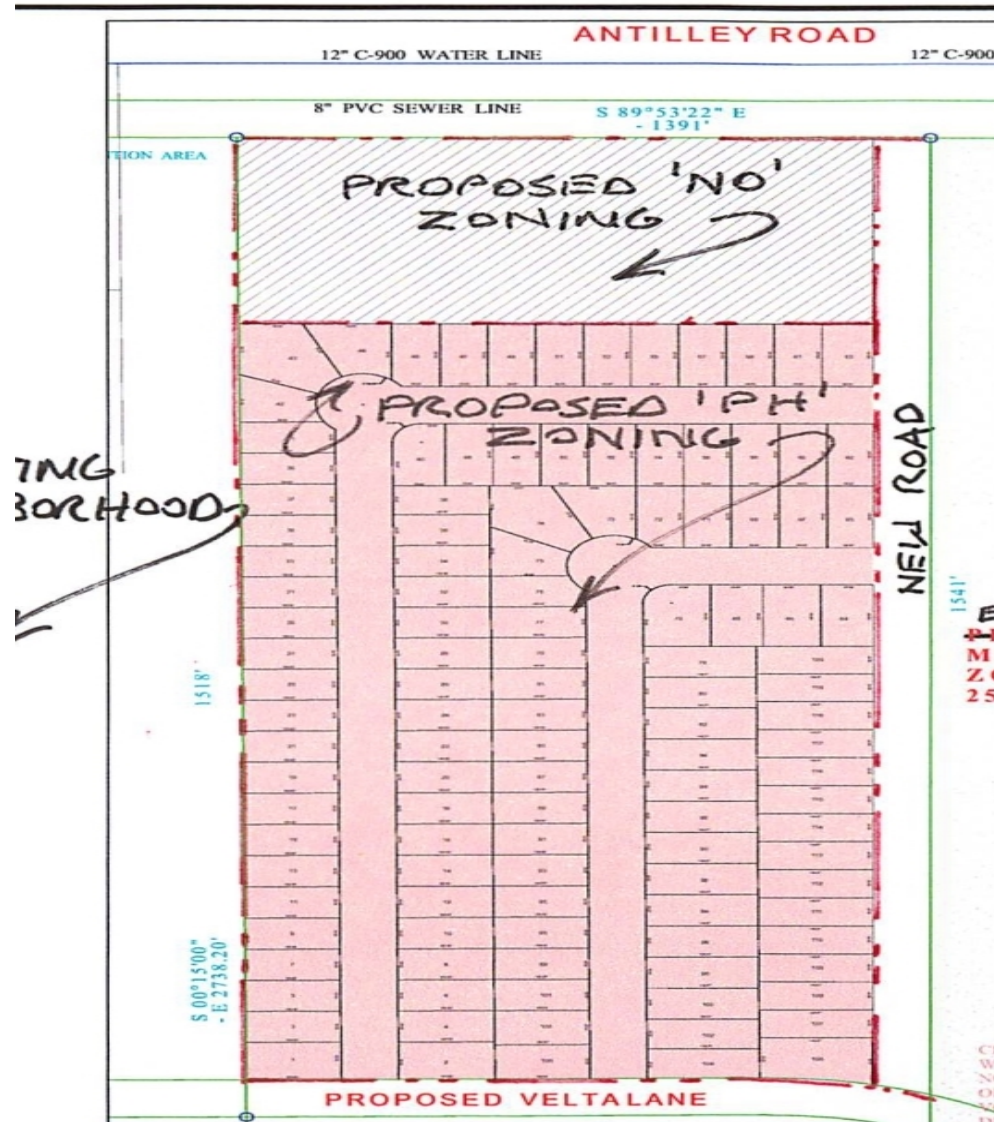
- Z-2023-12
- CourierParcels





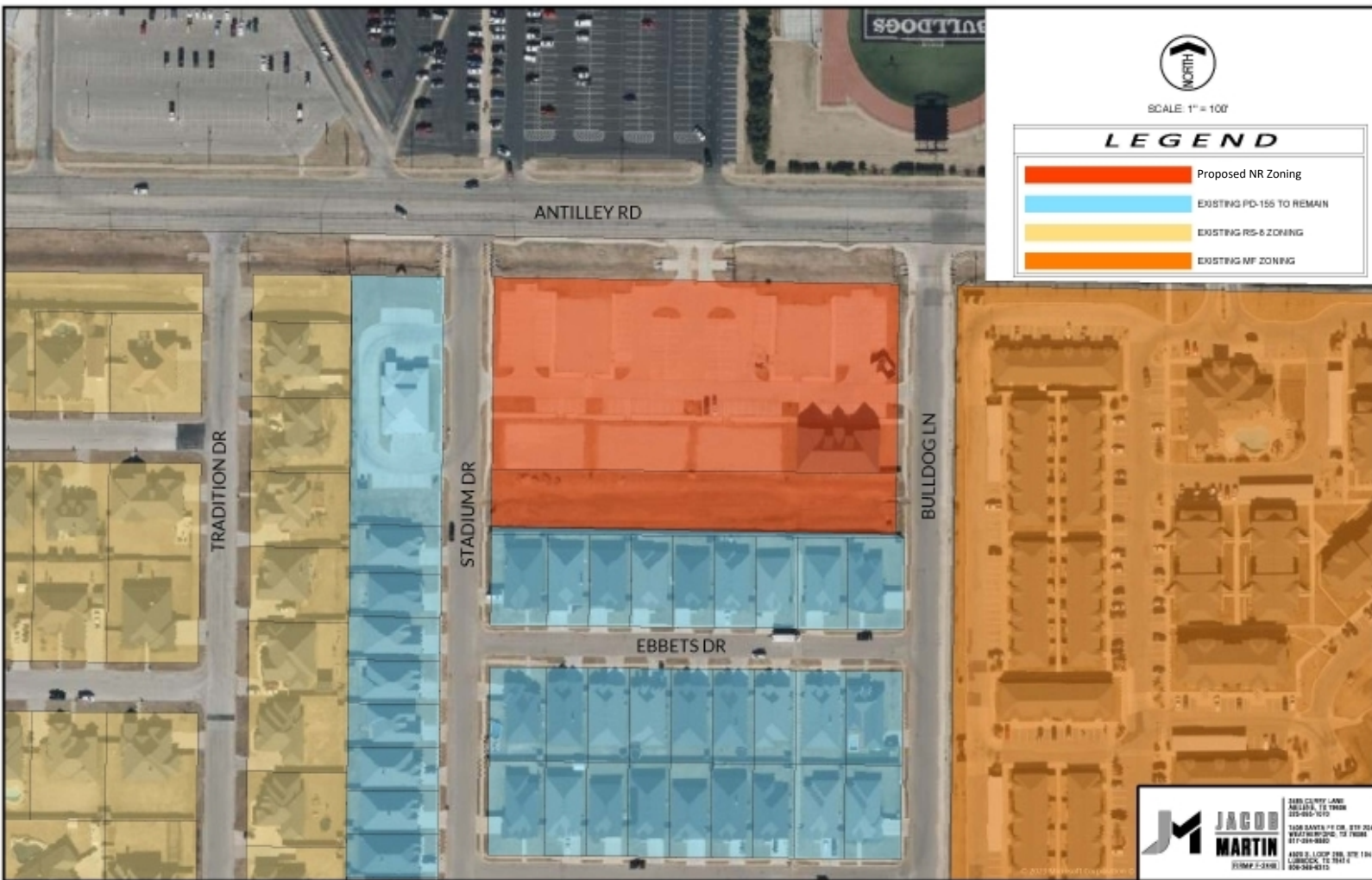


Z-2023-12 EXISTING CONCEPT PLAN

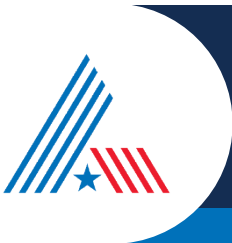




Z-2023-12 PROPOSED CONCEPT PLAN



CITY OF
ABILENE
TEXAS



USES IN NEIGHBORHOOD OFFICE ZONING

RESIDENTIAL USES:

- P Bed & Breakfast
- P Dwelling – Duplex
- P Dwelling – Industrialized Housing Unit
- P Dwelling – Institutional
- C Dwelling – Multiple-Family
- P Dwelling – Single-Family Detached

ACCESSORY AND INCIDENTAL USES:

- P Accessory Structure (Also see Division 4 of this article)
- P Antenna, Non-Commercial/Amateur
- P ATM's, Self-Serve Kiosks, and Similar Facilities
- P/C Day Care Operation – Home-Based
- TP Field Office or Construction Office (temporary)
- P Garage Sale
- P Home Occupation
- C Mobile Home (temporary security residence)
- P Recreation Building, Multipurpose
- P Recreation Equipment, Mobile (storage & parking)
- P Subdivision Sales Office (temporary)
- P Swimming Pool, Private (accessory to residential use)
- P Tennis Court, Private (accessory to residential use)
- P/SE Wind Energy Conversion Systems

CULTURAL AND RECREATIONAL USES:

- P Civic, Social, and Fraternal Organization
- C Cultural Facilities
- P Recreation – Outdoors (passive)

GOVERNMENT, HEALTH, SAFETY AND WELFARE USES:

- P Fire/Police Station
- C Medical/Dental Laboratory
- P Post Office

EDUCATIONAL AND RELIGIOUS USES:

- C Arts School
- P Church or Place of Worship
- C Day-Care Operation - Center-Based
- P School: Public/Private

SERVICE

- P Office (general, professional, financial)
- P Personal Services
- C Printing, Copying, Reproduction, Publishing

TRADE – RETAIL USES

- P ATM's, Self-Serve Kiosks, and Similar Facilities
- P/C Restaurant, Fast Food
- P/C Restaurant, Standard

TRANSPORTATION, COMMUNICATION AND UTILITIES:

- P Automobile Parking Lot or Structure - Commercial
- C Broadcast Studio
- P Public Utility Facility

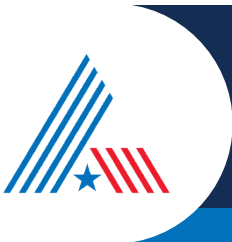
RESOURCE PRODUCTION AND EXTRACTION USES:

- P Petroleum or Gas Well
- P Urban Garden

LEGEND

- P Permitted as a Right-of-Use (may be subject to compliance with conditions described within Division 3- Requirements Applicable to Specific Land Uses of the Land Development Code)
- C Permitted as a Conditional Use Permit, Requiring Approval by City Council
- TP Permitted by Temporary Permit Only, Requiring Approval by Board of Adjustment





USES IN NEIGHBORHOOD RETAIL ZONING

RESIDENTIAL USES:

- P Bed & Breakfast
- P Dwelling - Duplex
- P Dwelling – Industrialized Housing Unit
- P Dwelling – Institutional
- C Dwelling – Multiple-Family
- P Dwelling – Single Family Detached
- C Hotel/Motel

ACCESSORY AND INCIDENTAL USES:

- P Accessory Structure (Also see Division 4 of this article)
- P Antenna, Non-Commercial/Amateur
- P ATM's, Self-Serve Kiosks, and Similar Facilities
- P/C Day Care Operation – Home Based
- C Drive-Thru Facility
- TP Field Office or Construction Office (temporary)
- C Fuel Sales
- P Garage Sales
- P Home Occupation
- C Mobile Home (temporary security residence)
- P Recreation Building, Multipurpose
- P Recreation Equipment, Mobile (storage and parking)
- C Recycling Collection Point
- P Subdivision Sales Office (temporary)
- P Swimming Pools, Private (accessory to residential use)
- P Tennis Courts, Private (accessory to residential use)
- P/SE Wind Energy Conversion Systems

CULTURAL AND RECREATIONAL USES:

- P Civic, Social, and Fraternal Organization
- C Cultural Facilities
- P Recreation – Outdoors (passive)
- C Recreation and Commercial Entertainment - Indoor

GOVERNMENT, HEALTH, SAFETY AND WELFARE USES:

- P Fire/Police Station
- C Medical/Dental Laboratory
- P Post Office
- C Social Service Facility

EDUCATIONAL AND RELIGIOUS USES:

- P Arts School
- P Church or Place of Worship
- P Day-Care Operation - Center-Based
- P School: Public/Private

SERVICE

- C Automobile Wash
- P Laundry/Dry Cleaning Services & Facilities
- P Office (general, professional, financial)
- P Personal Services
- C Printing, Copying, Reproduction, Publishing
- P Repair and Maintenance Services (indoor)
- C Tattoo Parlor
- P Veterinary Service (small animals)

TRADE – RETAIL USES

- P ATM's, Self-Serve Kiosks, and Similar Facilities
- C Fuel Sales
- P Liquor Store (Off Premises Consumption) (*Defined under Liquor Store*)
- C Restaurant, Brew Pub
- C Restaurant, Fast Food
- P Restaurant, Standard
- P Retail Sales/Rental (indoor)

TRANSPORTATION, COMMUNICATION AND UTILITIES:

- C Broadcast Studio
- P Public Utility Facility

RESOURCE PRODUCTION AND EXTRACTION USES:

- P Petroleum or Gas Well
- P Urban Garden

LEGEND

- P Permitted as a Right-of-Use (may be subject to compliance with conditions described within Division 3- Requirements Applicable to Specific Land Uses of the Land Development Code)
- C Permitted as a Conditional Use Permit, Requiring Approval by City Council
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Z-2023-12 VIEWS OF SUBJECT PROPERTY



Subject Property



East Neighboring Property



North Neighboring Property



West Neighboring Property



South Neighboring Property





2.5% Opposed





FINDINGS AND RECOMMENDATIONS

The proposed request is consistent with:

- The proposed *Comprehensive Plan*;
- The surrounding uses and zoning;
- Generally accepted planning principals; and
- The Criteria for Approval in the LDC.

P&Z Recommendation: **Approval**





Questions?





**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Robert Hanna, City Manager

FROM: Tim Littlejohn, Director of Planning & Development Services

SUBJECT: 12. Resolution: Receive a Report, Hold a Discussion and Public Hearing, and Take Action on the Approval of a Single-Family Reconstruction Program contract with HOME Program Funds for 1317 Mesquite (*Tim Littlejohn*)

GENERAL INFORMATION

Neighborhood Services (NS) is seeking Council approval of a Resolution in support of a HOME-funded Single-Family Rehabilitation/Reconstruction Program project located at 1317 Mesquite. The Single-Family Rehabilitation/Reconstruction Program is an eligible program under the HOME program which requires that the home being improved meet local building codes. The Single-Family Rehabilitation/Reconstruction Program is discussed in both the FY 2020-2024 Consolidated Plan and the FY 2022/2023 Action Plan that strategically addresses the City's goals and objectives for housing and community development over the course of a five-year period.

Of particular importance to the health of the City have been programs that address the condition of the housing stock. There is an extensive need for rehabilitation programs in Abilene targeting the improvement of the City's oldest housing stock. Neighborhood Services has successfully funded housing rehabilitation activities throughout the City of Abilene. The Single-Family Rehabilitation/Reconstruction Program provides assistance to owner-occupied, single-family housing to facilitate needed repairs which have not been affected by current or previous owners. HOME funds continue to be used to help meet the demand for decent, safe and affordable housing, homelessness, and other special needs.

SPECIAL CONSIDERATIONS

The City received two identical bids of \$190,000 from responsible bidders who are both

residents of the City of Abilene. Pursuant to Texas Local Government Code section 271.901, "if two or more of the bidders submitting identical bids are residents of the municipality, the municipality must select one of those bidders by the casting of lots."

FUNDING/FISCAL IMPACT

There will be no local budgetary impacts. The project cost of \$190,000 is to be funded using FY 2022/2023 HOME Entitlement of \$500,253.

STAFF RECOMMENDATION

Staff recommends approval of the attached Resolution approving the Single-Family Rehabilitation/Reconstruction Program Project located at 1317 Mesquite.

BOARD OR COMMISSION RECOMMENDATION

ATTACHMENTS:

1. 1317 Mesquite Resolution SFR-Recon Project
2. CB-2333 TABSHEET
3. AGREEMENT
4. Council. PP (2)

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL, OF THE CITY OF ABILENE, TEXAS, AUTHORIZING A SINGLE-FAMILY REHABILITATION/RECONSTRUCTION PROJECT WITH FY 2022/2023 HOME FUNDS FOR 1317 MESQUITE, ABILENE, TEXAS

WHEREAS, as an entitlement city receiving funds from the U.S. Department of Housing and Urban Development (HUD), the City of Abilene receives Community Development Block Grant Funds (CDBG) and HOME Investment Partnership Funds (HOME); and

WHEREAS, the primary objective of the HOME Program is to expand the supply of decent, safe, sanitary, and affordable housing for very low income and low income individuals. Consistent with that primary objective, the Federal assistance provided in the Community Development Program is for the support of the community development goals, objectives, and strategies which are eligible under applicable regulations; and

WHEREAS, of particular importance to the health of the City, have been programs that address the condition of the housing stock; and

WHEREAS, there is an extensive need for Rehabilitation programs in Abilene targeting the improvement of the City's oldest housing stock. City has successfully funded housing Rehabilitation activities targeting lower income and elderly households unable to properly maintain their homes. The Single-Family Rehabilitation/Reconstruction Program provides assistance to owner-occupied, single-family households to facilitate needed repairs which have not been affected by current or previous owners. Homes that meet the eligibility factors for a Rehabilitation Project have been declared substandard by both HUD and the City of Abilene Building Standards. HOME funds continue to be used to help meet the demand for decent, safe, affordable housing, homelessness, and other special needs; and

WHEREAS, the City received bids on March 21, 2023 for the Single-Family Rehabilitation/Reconstruction Project located at 1317 Mesquite with two identical lowest bids in the amount of \$190,000, and both responsible bidders are residents of the City of Abilene; and

WHEREAS, pursuant to Texas Local Government Code section 271.901, the selection of the winning bidder was conducted by the casting of lots in a manner prescribed by the Mayor and was conducted in the presence of the governing body of the City.

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

Part 1. That the FY 2022/2023 Single-Family Rehabilitation/Reconstruction Program project at 1317 Mesquite funded by the HOME Program in the amount of \$190,000 is hereby approved.

Part 2. That the financial assistance authorized by the Community Development Block Grant and HOME Programs referred to above, is required to enable the City of Abilene to carry on appropriate community development activities, directed toward meeting the stated objectives of the program.

Part 3. That the City Manager, or his designee, of the City of Abilene, Texas is hereby authorized to sign said application and any and all appurtenant documents on behalf of the City.

Part 4: That upon the casting of lots, the winning bidder for the project is _____, and the City Manager or his designee is authorized to execute all documents necessary for the project.

Part 5. That this resolution shall take effect immediately from and after its passage.

ADOPTED this April 27th, day of 2023.

ATTEST:

CITY SECRETARY

MAYOR

APPROVED:

CITY ATTORNEY

CITY OF ABILENE PURCHASING DIVISION TABULATION OF BIDS		PAGE 1 OF 1
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DEPARTMENT: ONS
BID NO.: CB-2333
TIME OF OPENING: 11:00 A.M.
DATE OF OPENING: MARCH 21, 2023

C.E. VANN CONSTRUCTION
ABILENE, TX

ITEM	DESCRIPTION	QTY	UNIT	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION
1.	SINGLE FAMILY RECONSTRUCTION PROJECT – 1317 MESQUITE				190,000.00		190,000.00		212,370.00						
BASE BID					190,000.00		190,000.00		212,370.00						
DISCOUNT															
TOTAL BID					190,000.00		190,000.00		212,370.00						

*NOTES: INDICATES RECOMMENDED AWARD	
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AGREEMENT BETWEEN CITY OF ABILENE, APPLICANT FOR SINGLE-FAMILY REHABILITATION/RECONSTRUCTION PROGRAM AND CONTRACTOR

This agreement is between the City of Abilene (“City”), and applicant for the Single-Family Rehabilitation/Reconstruction Program, Petra Ortiz (hereinafter “Homeowner” whether one or more persons), and CONTRACTOR NAME dba BUSINESS NAME (“Contractor”). This Agreement applies only to the dwelling unit located 1317 Mesquite Street, Abilene, Texas (“Property”).

I. Purpose

The Homeowner desires Neighborhood Services (NS) to bid out the demolition and reconstruction of the real property located at 1317 Mesquite Street, Abilene, Texas. The work to be completed shall include general Rehabilitation/Reconstruction and/or lead abatement if, applicable. The Contractor shall perform the improvements and/or repairs according to the project specifications and building plans.

II. Term

In consideration of the assistance described herein, Homeowner agrees to comply with each of the responsibility detailed below. The duration of this Agreement is twenty (20) years from the date of completion of Rehabilitation/Reconstruction work and runs concurrently with the affordability period and deed of trust.

III. The Contract Documents

The Contract Documents consist of this Agreement, Contractor’s Bid and Proposal, Conditions of Bid, Specification, Schedules, Building Plans, and all Addenda issued prior to execution. These documents constitute the Agreement between Homeowner, Contractor and the City, and said documents are hereby incorporated by reference and are fully a part of the Contract as if attached to this Agreement or repeated herein.

IV. References to Parties

Contractor and Contractor’s employees are not the agents, servants, or employees of the City. All rights conferred upon the respective parties and all agreements herein undertaken to be performed by them respectively shall insure to the benefit of and be binding upon said parties and their heirs, executors, administrators, grantees, successors, and assigns.

V. Use of HOME Program Funding

- A. The HOME Program funding provided by the City is in the amount of \$190,000.
- B. At the time Homeowner is approved for HOME Program assistance, Homeowner shall have an ownership interest in and occupy the Property to be reconstructed as the Homeowner's principal residence. Homeowner agrees to continue to occupy the Property as his/her principal residence for twenty (20) year period from the date of this agreement, the period of affordability.
- C. The balance due on the forgiven, deferred loan will decrease $1/240$ monthly for twenty (20) year period beginning April 27, 2023 and ending April 27, 2043. This is the period of affordability.
- D. Homeowner shall qualify as a low-income household with a gross household income that does not exceed 80% of the area median income as established by the U.S. Department of Housing and Urban Development for the Abilene area, adjusted for household size, and as update annually.
- E. The HOME Program assistance provided by the City shall be secured by a promissory note and recorded subordinate deed of trust (no lower than second position).
- F. If, during the affordability period, the Homeowner sells or transfers title to the Property, rents or leases the Property, refinances the Property with cash-out, or if Homeowner no longer lives in the Property as his/her principal residence, all of part of the deferred payment loan will be due in an amount that shall be reduced pro-rata based upon the time (in full month) that the Homeowner has utilized the Property as his/her principal residence. However, in the event Homeowner sells the Property, if the net proceeds from the sale are less than the amount of HOME assistance due, the amount due shall be reduced in accordance with 24 CFR 92.254(a)(5)(ii)(A)(2). The amortized Rehabilitation/Reconstruction loans shall be due in full.
- G. An exception to the loans becoming due as stated in paragraph F, above, may be made in the event the person having interest in the property is able to qualify under the requirements of the HOME Program and enters into an agreement with the City.
- H. Housing reconstruction work will provide construction necessary to bring the Property into compliance with the City of Abilene's applicable building codes; the City's housing Rehabilitation/Reconstruction program standards; and applicable lead-based paint regulations (24 CFR 92.251 & 92.355). Rehabilitation/Reconstruction work to be performed will be completed in accordance with the written work specification for the Property and fully executed. All codes, standards, and regulations noted are incorporated by reference.

- I. The HOME statute and the HOME regulation at 24 CFR 92.250(a) limit the amount of HOME funds that a Participation Jurisdiction (PJ) may invest in a HOME-assisted unit. The maximum rehab for the single-family house located at 1317 Mesquite Street, Abilene, TX is classified as modest housing and according to 24 CFR 92.250 HOME assistance in the amount of \$190,000.00 does not exceed the per unit maximum subsidy limit of \$251,000.

Estimated Start Date: May 27, 2023 Estimated Completion November 27, 2023.

VI. Duties of Homeowner

- A. Neither Homeowner, nor any household member of Homeowner, may engage in drug-related criminal activity, violent criminal activity, or felonious criminal activity. Any violation of this program is ground for default of the Agreement and will result in the repayment of the entire loan.
- B. Homeowner has a right of rescission period that is described in the Notice of Right of Rescission, which is attached and incorporated for all purpose as part of this agreement.
- C. Homeowner shall vacate the property of all belongings and personal effects as soon as possible, but before the expiration of 30-days from the date of execution of this agreement.
- D. The duties for the Homeowner shall include, but are not limited to: review Specifications and execute this Agreement with Contractor, and associated documents: and accommodate schedules of Contractor and City to facilitate timely completion of Rehabilitation/Reconstruction work, inspection and contractor reimbursement.
- E. Homeowner agrees to cooperate with the Contractor in making available utility services such as electricity, water and gas, as may be reasonably necessary for the performance of the work as specified in the Contract Documents.
- F. Homeowner must provide proof of Homeowner's Insurance Replacement Coverage and Flood Insurance Coverage (when applicable), for a period not less the twenty (20) years from work completion date, with amounts sufficient to cover all the debt secured by property and amount spent on the project.
- G. Upon the completion of the project, if contractor repairs are necessary, Homeowner is responsible for contacting the Contractor in accordance with the following procedures:
- H. Homeowner must contact the Contractor in writing, by certified mail return receipt requested, listing all repair problems.
- I. Homeowner must send a copy of the letter to the City of Abilene, Neighborhood Services, (hereinafter NS), P.O. Box 60, Abilene, Texas 79604 or bring it to the NS office at 555 Walnut.

- J. Homeowner must notify NS in writing when Contractor has completed repairs.

VII. Duties of Contractor

- A. The Contractor shall perform all work required by the Contract Documents for the commencement and completion of the following: The construction of certain repairs and/or improvement to the residence located at 1317 Mesquite Street, ABILENE, TEXAS, TAYLOR, COUNTY, TEXAS 79601-3633; said improvements consisting of all “required items” listed on the Specifications and Contractor’s Bid and Proposal, including all necessary and required work in connection therewith. Work is to be commenced and completed under the terms of the Agreement. The Contractor agrees to furnish, at his own cost and expense, all of the materials, supplies, machinery, equipment, tools, insurance, supervision, labor and other accessories and services which are necessary to complete the construction project in accordance with the conditions, plans, specifications, and prices stated in the respective Contract Documents referred to in the Agreement.
- B. Duties of the Contractor also include, but are not limited to: communicating with the Homeowner and the City regarding status of the work during the construction period: notifying the City in writing with justification delineating and supporting the need for any change order (including itemized cost information); completing any items identified on the final building inspection and NS inspection; and adhering to warranties as specified under item VII. D (4) of the Contract.
- C. Contractor hereby agrees to complete this Project in a good and workmanlike manner, according to the Plans and Specifications agreed upon by the Parties, and according to all other Contract Documents mentioned in Article III of the Agreement. Contractor further agrees to employ only those reliable, workers and subcontractors who, to the best of his or her knowledge, are competent and skillful in the performance of the types of work required under this Contract. In compliance with 24 CFR 570.609, Contractor represents that at the time of execution hereof, Contractor and subcontractors (if any) are not listed on the HUD Disbarred Contractor’s List or removed from the NS Pre-Approved Contractors List. Contractor further agrees to discharge from the Project any workers, who are, in the Homeowner’s opinion, incompetent, unreliable, or disorderly, when Homeowner Provides Contractor with written notice of same. Such workers so discharged shall not be re-employed on the Project without Homeowner’s written consent.
- D. Warranties
- For good and valuable consideration Contractor provides the following warranties:
1. Contractor is skilled and experienced in the type of work described herein:

2. Contractor possesses any and all permits or licenses required to do the work of the nature described herein, and that said permits or licenses are valid and current for a one (1) year period from the date of final acceptance of all work required by this contract:
3. That the material and workmanship conform to all documents described in Article III of this Agreement, at the time of final inspection: and,
4. Contractor will, at his own expense, correct any non-conformance with the Plans and Specifications and any defect in material or workmanship, for a period of one (1) year from the date of Homeowner's acceptance of the work. Contractor will complete said corrections within thirty (30) calendar days or reasonable amount of time as determined by the parties thereof after receipt from the Homeowner of written notice of nonconformities or defects, and will do so in such a manner as to meet the conditions specified in the Contract Documents. This warranty shall extend to subsequent homeowners, if any, during the warranty period. The warranty shall provide that improvements, hardware and fixtures of whatever kind or nature are installed or constructed on the property by the Contractor are new and free from defects in material or workmanship. Contractor and Homeowner agree, however, that the warranty set forth in the paragraph shall apply only to such deficiencies and defects as to which Homeowner or subsequent Homeowners shall have given written notice to the Contractor, at Contractor's principal place of business, within one (1) year from the date of Homeowner's acceptance of the work.

Contractor Initials

- E. Defects in workmanship or material shall include, but shall not be limited to, the following:
- 1) All or part of the work which is unsuitable or not in conformity with the requirements of any applicable Building, Plumbing, Electrical, or other such code;
 - 2) All or part of the work which does not conform to the Specification or the intent thereof;
 - 3) Any material or materials brought onto the work site whether or not actually used in the work, which are unsuitable or not in conformity with the requirements of any City building code; and
 - 4) Any material or materials brought on the work site, whether or not actually used in the work, which do not conform to, Specifications or the intent thereof.

The City building official or designee, or appropriate governmental authority shall have the power to determine whether any defect exist in material or workmanship of said project.

F. Breach of Warranty: Remedies

Should Contractors fail to fulfill or comply with any of the above warranties, such failure may be treated as a breach of warranty, and shall give rise to the following remedies on behalf of Homeowner;

- 1) Recession of the Agreement and obtaining substitute performance, at Contractor's expense, or,
- 2) Delay or withholding by Homeowner or Homeowner's agent of part or all of the Final Payment: or
- 3) Any other remedy provided by law or breach of any applicable implied or expressed warranty or warranties.

G. Final Clean Up

The Contractor shall remove from the work site any and all surplus or discarded materials, temporary structures, and debris of every kind; said Contractor shall leave the work site in a neat, orderly condition comparable to that which originally existed. Final clean-up shall be made upon completion of the work. Failure to finish final clean-up may, at the option of Homeowner, or Homeowner's agent, result in delay or withholding of final payment.

H. Risk of Loss

Contractor shall, at his own expense, bear the risk of loss arising from or related to any of the following:

- 1) Failure of the work to be performed;
- 2) Any additional costs associated with inclement weather conditions;
- 3) Any unforeseen circumstances occurring during the work progress;
- 4) Any unusual obstructions or difficulties which may be encountered in the process of the work; or,
- 5) Labor and/or material price increase.

I. In the event Contractor fails to comply with this contract, NS will take the necessary action to place Contractor on the HUD Disbarred Contractors list and remove contractor from the NS Pre-Approved Contractors List.

J. Contractor has notice of and agrees to the requirement of the "Section 3 Clause Notice", which is attached to this Agreement and incorporated for purposes.

K. Lead Based Paint Products

Lead based paint removal is a dangerous task and safety precautions shall be strictly enforced when workers are engaged in hazardous abatement.

L. Permits and Codes

Contractor agrees to acquire and pay for all necessary permits, license, bonds and registration required for Contractor's performance.

M. Contractor to Furnish Names and Addresses

As soon as practicable or before starting project, the Contractor shall furnish to NS the names and addresses of suppliers of materials, subcontractors and employees who will furnish labor and/or materials in value of excess of five hundred (\$500.00) dollars for purposes of performance under this Agreement. Contractor's failure to submit name and addresses of those parties who furnish materials and/or labor in excess of five hundred (\$500.00) dollars may result in withholding payment to Contractor under this Agreement. Contractor must submit proof of payment affidavit and lien waiver form each person/entity so named before final payment will be made.

N. Licensing/Bonding

Contractor shall provide copies of licenses and bonds as required by state law or City ordinance.

VIII. Insurance

A. General Requirements

Contractor and Homeowner must maintain the type and amounts of insurance required in this contract throughout the term of the agreement. Contractor and Homeowner must provide a Certificate of Insurance evidencing the required coverage types and amounts before the Contract is signed. All policies are subject to examination and approval by the Homeowner and the City for their adequacy. This contract may be terminated if the Contractor fails to comply with all insurance requirements.

Insurance naming Homeowner and City as additional insured, must be primary insurance and not contributing with any other insurance available to the Homeowner and/or City, under any third party liability policy.

B. Additional Requirements

The required liability insurance and their certificates must:

- 1) Name the Homeowner and City as an additional insured for operations under this contract.
- 2) Provide for 30 days advance written notice of cancellation or material change.

C. Types and Amounts of Insurance

The following insurance is required under this contract:

1. Commercial (Public) Liability \$500,000 combined single
Including, but not limited to: limit for bodily injury
Premises/Operations and property damage
• Independent Contractors (per occurrence)
• Products/Completed Operations
• Contractual Liability
(Insuring above indemnity)
And where the exposures exist
• Explosion Collapse and Underground
2. Business Automobile Liability \$500,00 combined single
To include coverage for: limit for bodily injury
and property damage
• Owned/Lease Auto (per occurrence)
• Non-owned Autos
• Hired Cars

IX. Disbursement of Funds

- A. Funds will be disbursed on a reimbursement basis per payment schedule or percent completed of contracted amount, plus any change orders, less 10% retainage, according to the schedule found in Article X of this Agreement.
- B. Partial payments may be made after:
 - 1. Inspections by NS and City building officials (if required)
 - 2. Contractor Request for Payment and Certification of Inspection, signed by the Homeowner and the NS Inspector
 - 3. Contractor must executed Lien Waiver, for the specified amount(s) paid to him/her AND from all subcontractors receiving such partial or in-progress payments.
- C. Upon completion of the Rehabilitation/Reconstruction work, retainage funds will be held for thirty (30) days and will be paid after the following requirements are met:
 - 1. The Contractor shall submit a final Contractor Request for Payment, signed by the Homeowner and the NS Inspector in the amount of the 10% retainage.
 - 2. The NS Inspector, Homeowner, and Contractor, will execute the final Certification of Inspection.
 - 3. Contractor shall submit proof of Payment Affidavit and Lien Waiver from each person/entity so named before final payment will be made.

X. Contract Sum and Payment Schedule

The first payment shall not exceed 50% of the total Rehabilitation/Reconstruction cost of the amount of deferred payment loan funds, whichever is less. Upon completion of lead based paint abatement Contractor will be reimbursed for 100% of the cost in accordance with the requirements of Article IX. Rehabilitation/Reconstruction payments will be scheduled as follows:

Reconstruction Program: 40% - Demolition & Foundation; 20% - Framing; 15% - Dry-in & Decking; 15% - Roofing and Sheetrock; 10% - 30 Day Final Payment.

Rehabilitation Program: 50% - Removal of substandard; 40% - Reconstructing of all systems; 10% - 30 Day Final Payment

TOTAL \$ 190,000

XI. Financing Arrangements---Security

Contractor and Homeowner understand and agree the City will require a security for interim financing of the loan, and that furnishing of security will entail the execution and assignment by Homeowner, Contractor or both of a Security Interest Agreement and Deed of Trust. Each party therefore agrees to execute without unreasonable delay any and all instruments, documents or assignments therefore, which may be necessary to secure interim or permanent financing of the project.

XII. Liability Assumption of Risk and Indemnity

The Contractor must indemnify, hold harmless, and defend the City and Homeowner from and against liability for any claims arising out of the Contractor's work and activities conducted in connection with this Contract.

The Contractor is an independent contractor and is not, with respect to its acts or omissions, an agent or employee of the City or Homeowner.

Contractor must at all times exercise, reasonable precautions on behalf of, and be solely responsible for, the safety of Contractor's employees while in the vicinity where the work is being done. The City or Homeowner is not liable or responsible for the negligence or intentional act or omissions of the Contractor or the Contractor's employees.

The City assumes no responsibility or liability for damages which are directly or indirectly attributable to premise defects. Responsibility for all such defects is expressly assumed by the Contractor.

The City, contractor and Homeowner must provide the other promptly and timely notice of any covered event which in anyway affects or might affect any party. The City has the right to compromise and defend the same to the extent of its own interests.

BOTH CITY AND CONTRACTOR EXPRESSLY INTEND THIS CONTRACT'S INDEMNITY PROVISION TO REQUIRE CONTRACTOR TO INDEMNIFY AND PROTECT THE CITY FROM THE CONSEQUENCES OF THE CITY'S OWN NEGLIGENCE WHILE CITY IS PARTICIPATING IN THIS CONTRACT, WHERE THAT NEGLIGENCE WHILE CITY IS PARTICIPATING IN THIS CONTRACT, WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE OF THE DAMAGES. THIS CONTRACT'S INDEMNITY PROVISION DOES NOT APPLY TO ANY CLAIM WHERE DAMAGE IS PROVEN TO RESULT FROM THE SOLE NEGLIGENCE OF THE CITY.

XIII. Lien

- A. In the event liens are filed against this property, Contractor agrees that Homeowner or the City has the option to withhold payment until any and all liens are release or satisfied. Final payment shall not be due until Contractor has delivered to Homeowner and the City release of all liens, if any, filed on this property arising out of performance by and Contractor, subcontractor, agent, employee, or supplier. Contractor shall provide a receipt in full covering all labor and materials for which a lien could be filed, or a satisfactory bond indemnifying Homeowner and the City against any lien.
- B. If a suit is brought upon any lien filed on the property, then Homeowner or City, may recover the amount of judgement and costs, including reasonable attorney's fee, from Contractor.
- C. If any cost or liens against this property arise after Contractor has been paid, then Homeowner may recover from Contractor the amounts for which Contractor is liable.

XIV. Property Standards

- A. All Rehabilitation/Reconstruction work will be completed in compliance with the City's adopted property standards and all applicable written local building and property codes and standards.
- B. Housing Rehabilitation/Reconstruction assistance will only be provided to cover the cost of reconstruction necessary to bring the property in compliance with locally adapted, written building and property standards, Rehabilitation/Reconstruction program standards and applicable Federal and State building and property standards.

XV. Duties of City of Abilene

- A. Roles and responsibilities of the City include, but are not limited to: ensuring payment to Contractor as set forth in the Rehabilitation/Reconstruction contract, communication with the

Homeowner and Contractor regarding all administrative procedures that affect completion of reconstruction work; advising the Homeowner regarding City property standards, building code requirements, local property standards and housing Rehabilitation/Reconstruction standards which may affect the prioritization of work items; and documenting project files in compliance with all applicable HUD regulations.

- B. Roles and responsibilities of the City, the Homeowner, and the Contractor are more specifically outlined in the NS Single-Family Rehabilitation/Reconstruction Program Guidelines, incorporated herein by reference.

XVI. Written Agreement Provisions

A. Modification

Homeowner and Contractor expressly agree that no material changes or alterations in the description of work or price provided in the Agreement shall be made unless in writing and mutually agreed to by Contractor, Homeowner, and NS.

- B. Change orders may be authorized for necessary work items that were initially overlooked which could not be determined until the course of the reconstruction work had already begun. Change orders must be approved in writing by Homeowner, City NS manager and department director prior to the commencement of the proposed changed work, in order for such cost to be reimbursable.

- C. Change order risk shall be carried by Contractor.

- D. Homeowner or Contractor with concerns about the administration or operation of the Rehabilitation/Reconstruction Program should communicate these concerns to the Housing Counselor in writing. If concerns cannot be negotiated or resolved successfully between the parties, a party may request a decision from the Neighborhood Services Manager. The program procedures may be found in the NS Single-Family Rehabilitation/Reconstruction Program Guidelines.

- E. Homeowner agrees to abide by the HOME regulations as set forth in 24 CFR part 92, which is incorporated as part of this agreement by reference. A copy of the regulation can be accessed at. <http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/regs/finalrule.pdf>.

F. Equal opportunities

Contractor and Homeowner agree to provide equal opportunity to all persons without discrimination as to race, color, religion, national origin, sex, marital status, age, and status with regard to public assistance or disability.

G. Interpretation of Contract

In the event of any dispute, this Agreement shall be interpreted in accordance with Texas law.

H. Boycott of Israel

In accordance with Chapter 2270, Texas Government Code, a Governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification form the company this it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract.

This section only applies to a contract that: (a) is between a government entity and a company with 10 or more full-time employees, and (b) has a value of \$100,000 or more that is to paid wholly or partly from public funds of the governmental entity. Additionally, “company” does not include a sole proprietorship.

If the section is applicable, the signatory executing this contract on behalf of company verifies that the company does not boycott Israel and will not boycott Israel during the term of the contract.

XVII. Completion and Liquidated Damages

- A. The commencement and completion dates are essential conditions of the Agreement. The work must begin as stated in the Notice to Proceed. The Contractor must proceed with the work at a rate of progress to endure full completion within the contract time. The Contractor and the Homeowner expressly agree that the contract time for completing the work is a reasonable time as determined by the parties considering the average climatic and economic conditions and other factors prevailing in the locale. Because time is of the essence in this contract liquidated damages apply to its performance. For each working day that any work remains uncompleted after the final completion time as stated in the Notice to Proceed, the City may deduct the amount stated below from money due to the Contractor.
1. If \$1.00 to \$25,000.00 is due to Contractor, the deduction amount will be \$10.00 per working day.
 2. If \$25,001 or more is due to Contractor, the deduction amount will be \$15.00 per working day.
 3. The sums of money deducted for failure to complete any portion of the work on time are not a penalty, but are reasonable liquidated damages, per working day, for defaulting on the contracted final completion date. The Homeowner and Contractor agree to fixed amounts because it is impractical and extremely difficult to ascertain actual damages that would be sustained. The Contractor or Contractor’s surety must promptly pay any additional amounts if the amount the City withholds from money due the Contractor does not cover the amount of liquidated damages.
 4. The City will not charge Contractor liquidated damages or any excess cost when Contractor has given prompt written notice to Homeowner and NS prior to completion date, and NS confirms the delay in completion of the work is due to:

5. Any preference, priority or allocation order issued by NS; unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including acts of God, of the public enemy, of NS or another contractor or the performance of a contract with NS, fires, floods, epidemics, quarantine restrictions, strikes, freight, embargoes, and abnormal and unforeseeable weather; or any delays of subcontractors caused by the same occurrences that are previously listed above.

Executed this _____ day of _____, 2023

Homeowner

Printed Name

This instrument was acknowledge before me on the _____ day of
_____, 2023 by _____

Notary Public, State of Texas

Print Name

Commission Expires

Contractor

Federal Tax ID#

Owner
Title

This instrument was acknowledge before me on the _____ day of
_____, 2023 by _____

Notary Public, State of Texas

Print Name

Commission Expires

CITY OF ABILENE

Robert Hanna, City Manager

ATTEST:

Shawna Atkinson, City Secretary

APPROVED:

Stanley Smith, City Attorney

NEIGHBORHOOD SERVICES

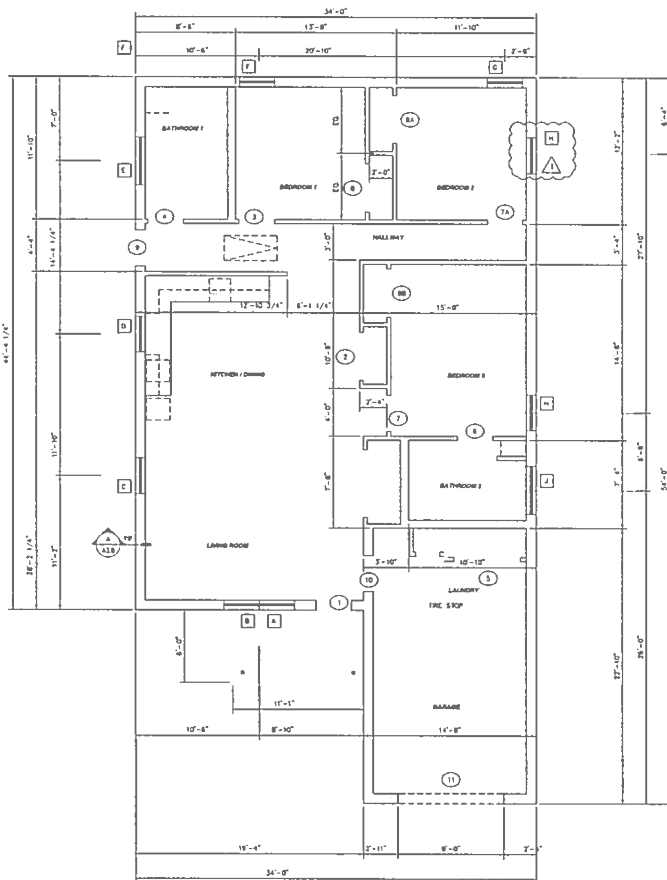
SINGLE-FAMILY REHABILITATION/RECONSTRUCTION PROJECT

1317 Mesquite Street

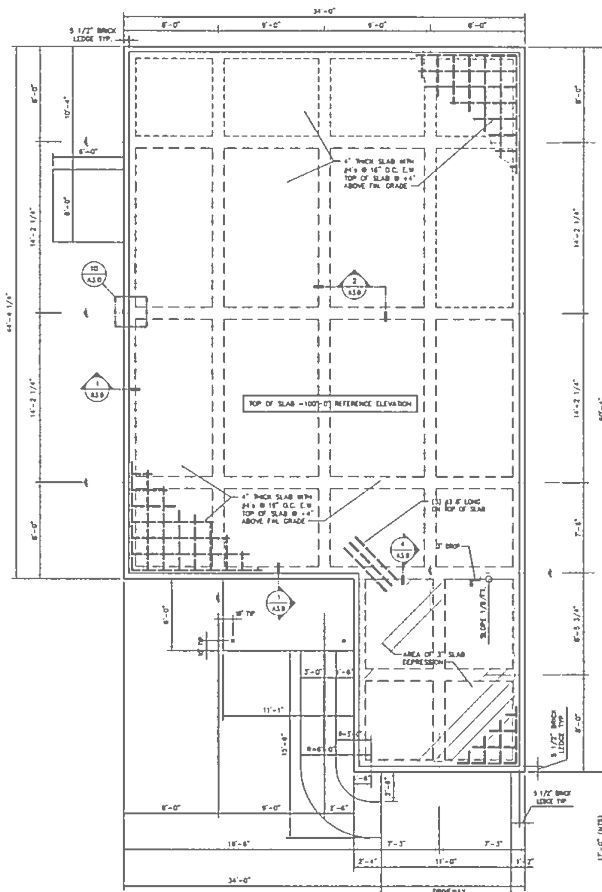




Agenda Item: Reconstruction Project #CB-2333



SCALE: 1/4" = 1'-0"



FOUNDATION PLAN - HOUSE 5
SCALE: 1/4" = 1'-0"

NO.	DATE	DESCRIPTION	BY
1	05/03/21	ADD WINDOW	1/16
2	5	5	2
3	5	5	2
4	5	5	2
5	5	5	2

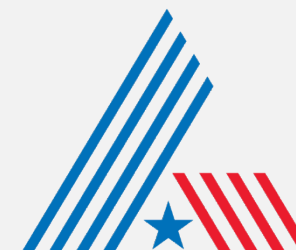
MEERS ENGINEERING INC.
3400 W. 11TH STREET
SUITE 100
ABILENE, TEXAS 79602
Phone: 325.345.1111
Fax: 325.345.1112
Email: info@meerseng.com
www.meerseng.com

SINGLE-FAMILY DWELLING
FOR
CITY OF ABILENE
ABILENE, TX

PROJ. NO.: C04073
DATE: 06/25/16
REVISION: 0
DESIGNER: RRB
DRAFTER: LEH

FLOOR PLAN AND
FOUNDATION PLAN
SHEET 1 OF 19

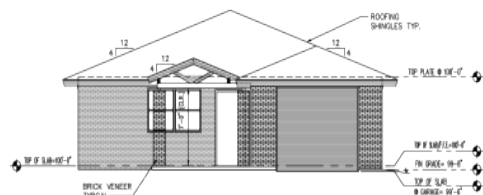
DRAWING NO.
A1.0



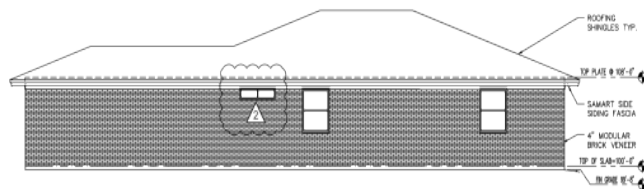
CITY OF
ABILENE
TEXAS



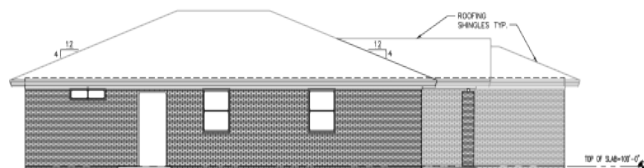
Agenda Item: Reconstruction Project #CB-2333



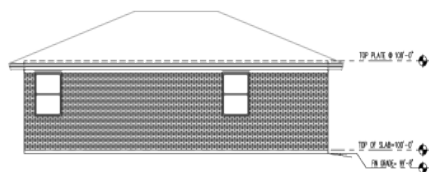
A
A2.0
FRONT ELEVATION
SCALE: 3/16"=1'-0"



B
A2.0
RIGHT SIDE ELEVATION
SCALE: 3/16"=1'-0"



C
A2.0
LEFT SIDE ELEVATION
SCALE: 3/16"=1'-0"

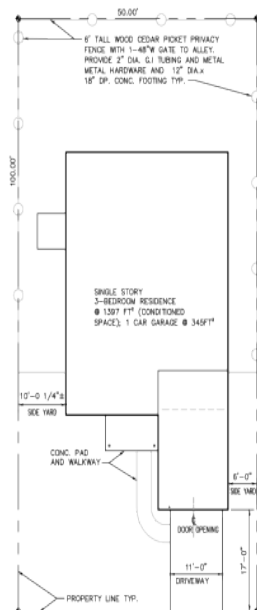


DOOR AND FRAME SCHEDULE		
NO.	MAT.	FRAME
01	STL	3048
02	WDR	306, 24"
03	WDR	3048
04	WDR	3048
05	WDR	3048
06	WDR	3048
07	WDR	3048
08	WDR	3048
09	WDR	3048
10	STL	3048
11	STL	3048

- DOOR AND FRAME SCHEDULE NOTES
1. ALL EXTERIOR WINDOW AND DOOR OPENINGS SHALL BE COMPLETELY FLASHED AND SEALED TO SHEATHING. FILL ALL GAPS WITH SPRAY-TYPE FOAM INSULATION.
 2. PROVIDE ALUMINUM THRESHOLD AT EXTERIOR DOORS SET IN BED OF SEALANT.
 3. PROVIDE COMPLETE HARDWARE FOR EACH DOOR. EXTERIOR DOORS TO RECEIVE KEYS CYLINDER AND DEAD BOLT.

WINDOW SCHEDULE		
NO.	MAT.	GLAZING
01	WDR	3048
02	WDR	3048
03	WDR	3048
04	WDR	3048
05	WDR	3048
06	WDR	3048
07	WDR	3048
08	WDR	3048
09	WDR	3048
10	WDR	3048
11	WDR	3048

- WINDOW SCHEDULE NOTES
1. ALL EXTERIOR WINDOW AND DOOR OPENINGS SHALL BE COMPLETELY FLASHED AND SEALED TO SHEATHING. FILL ALL GAPS WITH SPRAY-TYPE FOAM INSULATION.
 2. CONTRACTOR TO PROVIDE AND INSTALL MINI BLINDS.
 3. TEMPERED GLASS REQUIRED WHEN NEAREST VERTICAL GLAZING IS WITHIN A 24" ARC OF OTHER VERTICAL EDGE OF THE DOOR. SEE CODE A.2. (DOOR 1)



F
A2.0
SITE PLAN
SCALE: 1"=10'-0"

DATE

BY

HOUSE 5

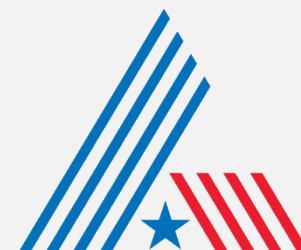


SINGLE-FAMILY DWELLING
FOR
CITY OF ABILENE
ABILENE, TX

6845 N. WINDY AVE
ABILENE, TEXAS 79602
2810 344-7237
Texas Registered Engineering Firm E-33100

PROJ. NO.:
DATE:
REVISION:
DESIGNER: RRB
DRAFTER: LE

SITE PLAN, EXT. ELEV.,
SCHEDULES & ROOF PLAN



CITY OF
ABILENE
TEXAS



Agenda Item: Reconstruction Project #CB-2333

- The Agreement for this owner-occupied project involves the Reconstruction of an existing property. The project will provide the family a safe and secure home.
- Project Advertised February 26, 2023 & March 5, 2023. Bids were opened March 21, 2023.
- Three bids were received, two of the bids were for the exact same amount \$190,000.
- Process for two equal bids requires a drawing of a name in order to award a winning bid.
- Council shall vote on results.





Agenda Item: Reconstruction Project #CB-2333

Questions?





**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Robert Hanna, City Manager

FROM: Mike Rains, Finance Director

SUBJECT: **13. Ordinance (Final Reading):** Receive a Report, Hold a Discussion and Public Hearing, and Take Action on Authorizing the Issuance of City of Abilene, Texas Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023 for Street Projects *(Mike Rains)*

GENERAL INFORMATION

This ordinance will authorize the issuance of Certificates of Obligation totaling \$7,650,000 for improvements related to the Cypress Street streetscape project.

Pricing of the certificates will take place on April 26, 2023 and be presented to Council during the April 27, 2023 Council Meeting by Hilltop Securities.

SPECIAL CONSIDERATIONS

Pursuant to Section 18, Abilene City Charter, only one reading is required for an Ordinance to issue bonds.

FUNDING/FISCAL IMPACT

Funding for the debt will come from annual revenues of the Tax Increment Reinvestment Zone #2 until maturity.

STAFF RECOMMENDATION

Staff recommends approval of the issuance of the certificates.

BOARD OR COMMISSION RECOMMENDATION

ATTACHMENTS:

1. Ordinance - 2023 Series Certificates of Obligation
2. Abilene (City of), TX GO Bonds & Combination Tax & Limited Surplus Rev COO, Srs
2023 POS
3. Presentation - Ordinance Approving the Issuance of 2023 Series Certificates of Obligation

THE STATE OF TEXAS §
COUNTIES OF TAYLOR AND JONES §
CITY OF ABILENE §

WHEREAS, the Certificates of Obligation hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271, Texas Local Government Code, Subchapter B, Chapter 1502, Texas Government Code; and

WHEREAS, the City Council has heretofore passed a resolution authorizing and directing the City Secretary to give notice of intention to issue certificates of obligation, and said notice has been duly published in a newspaper of general circulation in said City, said newspaper being a “newspaper” as defined in §2051.044, Texas Government Code; and

WHEREAS, no bond proposition to authorize the issuance of bonds for the same purpose as any of the projects being financed with the proceeds of the certificates of obligation was submitted to the voters of the Issuer during the preceding three years and failed to be approved; and

WHEREAS, it is considered to be to the best interest of the Issuer that said interest-bearing certificates of obligation be issued; and

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE CERTIFICATES.

Page 299 of 650

(b) The certificates of the City of Abilene, Texas (the “Issuer”) are hereby authorized to be issued and delivered, in the aggregate principal amount set forth below for paying all or a portion of the Issuer’s contractual obligations incurred in connection with (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage, and including acquiring land and interests in land therefor, and (ii) legal, fiscal and engineering fees in connection with such projects. (collectively, the “Project”).

(c) Each certificate issued pursuant to this Ordinance shall be designated: “CITY OF ABILENE, TEXAS, COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATE OF OBLIGATION, SERIES 2023,” and initially there shall be issued, sold, and delivered hereunder one fully registered certificate, without interest coupons, with certificates issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the initial certificate being made payable to the initial purchaser set forth herein), or to the registered assignee or assignees of said certificates or any portion or portions thereof (in each case, the “Registered Owner”). The Certificates shall payable serially in each of the years and in the principal amounts, respectively, set forth below and shall bear interest from the dates set forth in the FORM OF CERTIFICATE set forth in Section 4 of this Ordinance to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the following schedule:

Years (2/15)	Principal Amounts (\$)	Interest Rates (%)
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		

Section 2. RESERVED.

Section 3. CHARACTERISTICS OF THE CERTIFICATES.

(a) Appointment of Paying Agent/Registrar. The selection and appointment of U.S. Bank Trust Company, National Association as the paying agent/registrar for the Certificates (the “Paying Agent/Registrar”) is hereby approved. The Mayor or City Manager is authorized and directed to execute and deliver in the name and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar in substantially the form presented at this meeting.

(b) Registration, Transfer, Conversion and Exchange. The Issuer shall keep or cause to be kept at the corporate trust office of the Paying Agent/Registrar books or records for the registration of the transfer, conversion and exchange of the Certificates (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three (3) days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Certificate or Certificates. Registration of assignments, transfers, conversions and exchanges of Certificates shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE set forth in this Ordinance. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate.

(c) Authentication. Except as provided in subsection (j) of this section, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, date and manually sign said Certificate, and no such Certificate shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates and Certificates surrendered for conversion and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Certificates in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(d) Payment of Principal and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Certificates, and of all conversions and exchanges of Certificates, and all replacements of Certificates, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (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 (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(e) Payment to Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Registration Books as the absolute owner of such Certificate for the purpose of payment of principal and interest with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Certificates to the extent of the sum or sums so paid.

(f) Paying Agent/Registrar. The Issuer covenants with the registered owners of the Certificates that at all times while the Certificates are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/Registrar will be one entity. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(g) Substitute Paying Agent/Registrar. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than one hundred-twenty (120) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Certificates, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar.

(h) Book-Entry Only System. The Certificates issued in exchange for the Certificates initially issued to the purchaser or purchasers specified herein shall be initially issued in the form of a separate single fully registered Certificate for each of the maturities thereof and the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as otherwise provided in this Section, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

(i) Blanket Letter of Representations. The previous execution and delivery of the Blanket Letter of Representations with respect to obligations of the Issuer is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Certificates. Notwithstanding anything to the contrary contained herein, while the Certificates are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representations is hereby incorporated herein and its provisions shall prevail over any other provisions of this Ordinance in the event of conflict.

(j) Certificates Registered in the Name of Cede & Co. With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold

securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of Certificates, as shown on the Registration Books, of any notice with respect to the Certificates, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Certificates, as shown in the Registration Books of any amount with respect to principal of or interest on the Certificates. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(k) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

(l) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

(m) General Characteristics of the Certificates. The Certificates (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates to be payable only to the Registered Owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Certificates, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Certificates shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Certificates, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth in this Ordinance. The Certificates initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate issued in conversion of and exchange for any Certificate or Certificates issued under this Ordinance the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate, in the FORM OF CERTIFICATE set forth in this Ordinance.

(n) Cancellation of Initial Certificate. On the closing date, one initial Certificate representing the entire principal amount of the Certificates, payable in stated amounts to the order of the initial purchaser of the Certificates or its designee, executed by manual or facsimile signature of the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of

Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for such initial Certificate, the Paying Agent/Registrar shall cancel such initial Certificate and deliver to the DTC on behalf of such purchaser one registered definitive Certificate for each year of maturity of such Certificates, in the aggregate principal amount of all of the Certificates for such maturity, registered in the name of Cede & Co., as nominee of DTC. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Certificates in safekeeping for DTC.

Section 4. FORM OF CERTIFICATES. The form of the Certificates, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

(a) Form of Certificate.

NO. R-

UNITED STATES OF AMERICA
STATE OF TEXAS

PRINCIPAL
AMOUNT
\$ _____

CITY OF ABILENE, TEXAS

COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATES OF OBLIGATION
SERIES 2023

<u>INTEREST RATE</u>	<u>DELIVERY DATE</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
	June 1, 2023	February 15, __	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE specified above, the City of Abilene, in Taylor and Jones Counties, Texas, (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date specified above at the Interest Rate per annum specified above. Interest is payable on February 15, 2024 and semiannually on each August 15 and February 15 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the registered owner hereof upon presentation and surrender of this Certificate at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of U.S. Bank Trust Company, National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Certificate. The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Certificate (the "Certificate Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the close of business on the last business day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid 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 of a non-payment of interest on a scheduled payment date, and for thirty (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 (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Certificate appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Certificate prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Certificate for payment or redemption at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Certificate that on or before each principal payment date and interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificate Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates, when due.

IF THE DATE for any payment of the principal of or interest on this Certificate shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS CERTIFICATE is one of a series of Certificates dated __, 2023, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$__ for the public purposes of constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage, and including acquiring land and interests in land therefor, legal, fiscal and engineering fees in connection with such projects and to pay the costs incurred in connection with the issuance of the Certificates.

ON FEBRUARY 15, 20__ or on any date thereafter, the Certificates of this series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Certificates, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Certificate may be

redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

IF AT THE TIME OF MAILING of notice of optional redemption there shall not have either been deposited with the Paying Agent/Registrar or legally authorized escrow agent immediately available funds sufficient to redeem all the Certificates called for redemption, such notice may state that it is conditional, and is subject to the deposit of the redemption moneys with the Paying Agent/Registrar or legally authorized escrow agent at or prior to the redemption date. If such redemption is not effectuated, the Paying Agent/Registrar shall, within five days thereafter, give notice in the manner in which the notice of redemption was given that such moneys were not so received and shall rescind the redemption.

AT LEAST THIRTY (30) DAYS prior to the date fixed for any redemption of Certificates or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least thirty (30) days prior to the date fixed for any such redemption, to the registered owner of each Certificate to be redeemed at its address as it appeared on the business day prior to the mailing of such redemption notice; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Certificate. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Certificates or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Certificate shall be redeemed, a substitute Certificate or Certificates having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Certificate Ordinance.

WITH RESPECT TO ANY OPTIONAL REDEMPTION OF THE CERTIFICATES, unless certain prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a notice of conditional redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Issuer shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

ALL CERTIFICATES OF THIS SERIES are issuable solely as fully registered certificates, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Certificate Ordinance, this Certificate may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Certificates, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with

the form and procedures set forth in the Certificate Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Certificate or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within forty-five (45) days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Certificates is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Certificate Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Certificates.

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Certificate have been performed, existed and been done in accordance with law; that this Certificate is a general obligation of said Issuer, issued on the full faith and credit thereof; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate is additionally secured by and payable from a limited pledge of the Surplus Revenues of the Issuer's waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are payable from all or part of said revenues, all as provided in the Certificate Ordinance.

THE ISSUER HAS RESERVED THE RIGHT to amend the Certificate Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Certificates.

BY BECOMING the registered owner of this Certificate, the registered owner thereby acknowledges all of the terms and provisions of the Certificate Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Certificate Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Certificate and the Certificate Ordinance constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Certificate to be signed with the manual or facsimile signature of the Mayor of the Issuer (or in his absence, the Mayor Pro Tem) and countersigned

with the manual or facsimile signature of the City Secretary of said Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Certificate.

(signature)
City Secretary

(signature)
Mayor

(SEAL)

(b) Form of Paying Agent/Registrar's Authentication Certificate.

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Certificate is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Certificate has been issued under the provisions of the Certificate Ordinance described in the text of this Certificate; and that this Certificate has been issued in conversion or replacement of, or in exchange for, a certificate, certificates, or a portion of a certificate or certificates of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____

U.S. Bank Trust Company, National Association
Dallas, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

(c) Form of Assignment.

ASSIGNMENT

(Please print or type clearly)

For value received, the undersigned hereby sells, assigns and transfers unto: _____

Transferee's Social Security or Taxpayer Identification Number: _____

Transferee's name and address, including zip code: _____

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

_____, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Certificate in every particular, without alteration or enlargement or any change whatsoever.

(d) Form of Registration Certificate of the Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Certificate and that this Certificate has been registered this day by me.

Witness my signature and seal this

.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(e) Initial Certificate Insertions.

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

A. immediately under the name of the Certificate, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. _____" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF ABILENE, TEXAS, in Taylor and Jones Counties, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on February 15 in each of the years, in the principal amount and bearing interest at the per annum rates set forth in the following schedule:

Maturity
Dates(2/15)

Principal Amounts(\$)

Interest Rates(%)

(Information from Section 2 to be inserted)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date specified above at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2024 and semiannually on each August 15 and February 15 thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Certificate is required to be authenticated and the date

of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full.”

C. The Initial Certificate shall be numbered “T-1.”

Section 5. INTEREST AND SINKING FUND; SURPLUS REVENUES.

(a) A special “Interest and Sinking Fund” is hereby created and shall be established and maintained by the Issuer as a separate fund or account and the funds therein shall be deposited into and held in an account at an official depository bank of said Issuer. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said Issuer, and shall be used only for paying the interest on and principal of said Certificates. All amounts received from the sale of the Certificates as accrued interest shall be deposited upon receipt to the Interest and Sinking Fund, and all ad valorem taxes levied and collected for and on account of said Certificates shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any of said Certificates are outstanding and unpaid, the governing body of said Issuer shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to pay the interest on said Certificates as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of said Certificates as such principal matures (but never less than 2% of the original amount of said Certificates as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of said Issuer, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in said Issuer, for each year while any of said Certificates are outstanding and unpaid, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) The Certificates are additionally secured by a limited pledge, not to exceed \$1,000 of revenues of the Issuer’s waterworks and sewer system that remain after the payment of all maintenance and operation expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer’s revenue obligations (now or hereafter outstanding) that are secured by a lien on all or any part of the net revenues of the Issuer’s waterworks and sewer system, constituting “Surplus Revenues.” The Issuer shall deposit such Surplus Revenues to the credit of the Interest and Sinking Fund created pursuant to this section, to the extent necessary to pay the principal of and interest on the Certificates. Notwithstanding the requirements of this section, if Surplus Revenues or other lawfully available moneys of the Issuer are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been required to be levied pursuant to this Section may be reduced to the extent and by the amount of the Surplus Revenues or other lawfully available funds then on deposit in the Interest and Sinking Fund.

(c) Chapter 1208, Texas Government Code, applies to the issuance of the Certificates of Obligation and the pledge of the taxes and Surplus Revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Certificates of Obligation are outstanding and unpaid, the result of such amendment being that the pledge of the taxes and Surplus Revenues granted by the Issuer under this Section is to be subject to the filing requirements of

Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Certificates of Obligation a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 6. DEFEASANCE OF CERTIFICATES.

(a) Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Certificate") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable. At such time as a Certificate shall be deemed to be a Defeased Certificate hereunder, as aforesaid, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged or the limited pledge of Surplus Revenues as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities, and thereafter the Issuer will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such Defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities.. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Certificates that is made in conjunction with the payment arrangements specified in subsection subsections (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Certificates for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Certificates immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsections (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Certificates, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term “Defeasance Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Certificates.

(d) Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Certificates of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Certificates by such random method as it deems fair and appropriate.

Section 7. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES.

(a) Replacement Certificates. In the event any outstanding Certificate is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new certificate of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Certificate, in replacement for such Certificate in the manner hereinafter provided.

(b) Application for Replacement Certificates. Application for replacement of damaged, mutilated, lost, stolen or destroyed Certificates shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Certificate, the registered owner applying for a replacement certificate shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Certificate, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Certificate, as the case may be. In every case of damage or mutilation of a Certificate, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Certificate so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Certificate shall have matured, and no default has occurred that is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Certificate, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Certificate) instead of issuing a replacement Certificate, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Certificates. Prior to the issuance of any replacement certificate, the Paying Agent/Registrar shall charge the registered owner of such Certificate with all legal, printing, and other expenses in connection therewith. Every replacement certificate issued pursuant to the provisions of this Section by virtue of the fact that any Certificate is lost, stolen or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen or destroyed Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates duly issued under this Ordinance.

(e) Authority for Issuing Replacement Certificates. In accordance with Section 1206.022, Texas Government Code, this Section 7 of this Ordinance shall constitute authority for the issuance of any such replacement certificate without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates

in the form and manner and with the effect, as provided in Section 3(a) of this Ordinance for Certificates issued in conversion and exchange for other Certificates.

Section 8. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATES; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED; ENGAGEMENT OF BOND COUNSEL.

(a) The Mayor of the Issuer is hereby authorized to have control of the Certificates initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall sign manually, by facsimile, electronically or otherwise the Comptroller's Registration Certificate attached to such Certificates, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Certificates issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Certificates. In addition, if bond insurance is obtained, the Certificates may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Certificates is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Certificates to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Certificates is hereby approved and confirmed.

Section 9. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE CERTIFICATES.

(a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Certificates as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Certificates (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Certificates, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Certificates or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Certificates (less amounts deposited into a reserve fund, if any)

is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Certificates being treated as “private activity bonds” within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Certificates being “federally guaranteed” within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Certificates, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Certificates, other than investment property acquired with –

(A) proceeds of the Certificates invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Certificates are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Certificates;

(7) to otherwise restrict the use of the proceeds of the Certificates or amounts treated as proceeds of the Certificates, as may be necessary, so that the Certificates do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using proceeds of the Certificates or the proceeds of any prior bonds to pay debt services on another issue more than ninety (90) days after the issuance of the Certificates in contravention of section 149(d) of the Code (relating to advance refundings);

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificates) an amount that is at least equal to 90 percent of the “Excess Earnings,” within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Certificates have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(10) to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Certificates, all under and in accordance with section 149(e) of the Code and the applicable Treasury Regulations promulgated thereunder; and

(11) to assure that the proceeds of the Certificates allocable to the Project will be used solely for new money projects.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(8), a “Rebate Fund” is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the certificateholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Use of Proceeds. For purposes of the foregoing covenants (a)(1) and (a)(2), the Issuer understands that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Certificates. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Certificates, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Certificates, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor, the City Manager, City Attorney, the Director of Finance of the Issuer or any other officer or agent of the Issuer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates.

(d) Allocation of, and Limitation on, Expenditures for the Project. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Project on its books and records by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend proceeds of the sale of the Certificates or investment earnings thereon more than sixty (60) days after the earlier of (1) the fifth anniversary of the delivery of the Certificates, or (2) the date the Certificates are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Certificates or the interest thereon. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The Issuer covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Certificates. For purpose of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Certificates. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 10. SALE OF CERTIFICATES AND APPROVAL OF OFFICIAL STATEMENT; FURTHER PROCEDURES.

(a) The Certificates are hereby sold and shall be delivered to Frost Bank as representative of the underwriters set forth in the purchase agreement (the “Underwriter”), for the purchase price of \$ _____ (representing the par amount of the Certificates of \$ _____, plus aggregate original issue premium of \$ _____ (premium to be applied as set forth in Section 16) and less an underwriting discount of \$ _____). It is hereby officially found, determined, and declared that the Certificates have

been sold pursuant to the terms and provisions of a purchase agreement, which the Mayor of the Issuer (or in the Mayor's absence, by the Mayor Pro Tem) is hereby authorized and directed to execute. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable. The initial Certificate shall be registered in the name of the Underwriter or its designee.

(b) The Issuer hereby approves the form and content of the Official Statement relating to the Certificates and any addenda, supplement or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Certificates by the Underwriter in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement in connection with the Certificates, prior to the date hereof is hereby ratified and confirmed.

(c) The Mayor, City Manager, City Secretary and Finance Director, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name of the Issuer all other such documents, certificates and instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificates, the sale of the Certificates and the Official Statement. In case any officer whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 11. INTEREST EARNINGS ON CERTIFICATE PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Certificates shall be used along with other certificate proceeds for the Project; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on certificate proceeds that are required to be rebated to the United States of America pursuant to Section 9 hereof in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 12. CONSTRUCTION FUND.

(a) The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2023 Combination Tax and Limited Surplus Revenue Certificate of Obligation Construction Fund" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in said fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 5 of this Ordinance.

(b) The Issuer may invest proceeds of the Certificates (including investment earnings thereon) and amounts deposited into the Interest and Sinking Fund in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Certificates will be used as soon as practicable for the purposes for which the Certificates are issued.

(c) All deposits authorized or required by this Ordinance shall be secured to the fullest extent required by law for the security of public funds.

Section 13. COMPLIANCE WITH RULE 15c2-12.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports.

(i) The Issuer shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six (6) months after the end of each fiscal year ending in or after 2023, financial information and operating data with respect to the Issuer of the general type included in the final Official Statement authorized by this Ordinance, being the information described in Exhibit A hereto. The Issuer will additionally provide audited financial statements when and if available, and in any event, within twelve (12) months after the end of each fiscal year ending in or after 2023. If the audit of such financial statements is not complete within twelve (12) months after any such fiscal year end, then the Issuer will file unaudited financial statements within such twelve (12) month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in the appropriate appendix to the Official Statement, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

(ii) If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB’s internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Event Notices.

(i) The Issuer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten (10) business days after the occurrence of the event) of any of the following events with respect to the Certificates:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

- material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- 7. Modifications to rights of holders of the Certificates, if material;
- 8. Certificate calls, if material, and tender offers;
- 9. Defeasances;
- 10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
- 11. Rating changes;
- 12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- 13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- 14. Appointment of a successor trustee or change in the name of the trustee, if material;
- 15. Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the Issuer, any of which affect security holders, if material; and
- 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the Issuer, any of which reflect financial difficulties.

As used in clause 12 above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of the Issuer, or if jurisdiction has been assumed by leaving the existing City Council and officials or officers of the Issuer 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 Issuer. For the purposes of the above describe event notices 15 and 16, the term “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(ii) The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) Limitations, Disclaimers, and Amendments.

(i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the Issuer in any event will give the notice required by Subsection (b) hereof of any Certificate calls and defeasance that cause the Issuer to no longer be such an “obligated person”.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or

any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under the Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) Should the Rule be amended to obligate the Issuer to make filings with or provide notices to entities other than the MSRB, the Issuer hereby agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended. The provisions of this Section may be amended by the Issuer 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 Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a qualified person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer 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 an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

Section 14. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity,

defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Certificates aggregating in principal amount 51% of the aggregate principal amount of then outstanding Certificates that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Certificates, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Certificates so as to:

- (1) Make any change in the maturity of any of the outstanding Certificates;
- (2) Reduce the rate of interest borne by any of the outstanding Certificates;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates;
- (4) Modify the terms of payment of principal or of interest or redemption premium on outstanding Certificates or any of them or impose any condition with respect to such payment; or
- (5) Change the minimum percentage of the principal amount of the Certificates necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail or other appropriate means to each registered owner of the affected Certificates a copy of the proposed amendment. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Issuer for inspection by all holders of such Certificates.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Certificates then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the Issuer and all holders of such affected Certificates shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Certificate pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of such consent, and shall be conclusive and binding upon all future holders of the same Certificate during such period. Such consent may be revoked at any time after six (6) months from the date of such consent by the holder who gave such consent, or by

a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Certificates then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

For the purposes of establishing ownership of the Certificates, the Issuer shall rely solely upon the registration of the ownership of such Certificates on the registration books kept by the Paying Agent/Registrar.

Section 15. DEFAULT AND REMEDIES

(a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

- (i) the failure to make payment of the principal of or interest on any of the Certificates when the same becomes due and payable; or
- (ii) default in the performance or observance of any other covenant, agreement or obligation of the Issuer, the failure to perform which materially, adversely affects the rights of the registered owners of the Certificates, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the Issuer.

(b) Remedies for Default.

- (i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Issuer for the purpose of protecting and enforcing the rights of the Registered Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.
- (ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Certificates then outstanding.

(c) Remedies Not Exclusive.

- (i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance.
- (ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.
- (iii) By accepting the delivery of a Certificate authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations

contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the Issuer or the City Council.

Section 16. PREMIUM. The Certificates are being sold at an aggregate premium equal to \$ _____. With respect to such premium attributable to the Certificates, \$ _____ shall be used to pay costs of issuance, \$ _____ shall be used to pay underwriting discount and \$ _____ shall be deposited into the Construction Fund.

Section 17. APPROPRIATION. To pay the debt service coming due on the Certificates, if any, prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 18. NO PERSONAL LIABILITY. No recourse shall be had for payment of the principal of or interest on any Certificates or for any claim based thereon, or on this Ordinance, against any official or employee of the City or any person executing any Certificate.

Section 19. EFFECTIVE DATE. In accordance with the provisions of V.T.C.A., Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

Section 20. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

[Execution Page Follows]

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF ABILENE,
TEXAS, this 27th day of April, 2023.

ATTEST:

Mayor, City of Abilene, Texas

City Secretary, City of Abilene, Texas

[CITY SEAL]

APPROVED AS TO FORM:

City Attorney

EXHIBIT A

ANNUAL FINANCIAL STATEMENTS AND OPERATING DATA

The following information is referred to in Section 13(b) of this Ordinance:

The financial information and operating data with respect to the Issuer to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

-- Tables 1 - 6 and 8 – 15

PRELIMINARY OFFICIAL STATEMENT

Dated: April 18, 2023

NEW ISSUE - Book-Entry-Only

Ratings:
Fitch: "AA+"
Moody's: "Aa2"
(See "Other Information - Ratings" herein)

In the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas ("Bond Counsel"), interest on the Bonds (defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

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

\$7,650,000*
CITY OF ABILENE, TEXAS
(Taylor and Jones Counties)
GENERAL OBLIGATION BONDS, SERIES 2023

Dated Date: May 1, 2023

Due: February 15, as shown on page 2

(Interest accrues from the delivery date.)

PAYMENT TERMS...Interest on the \$7,650,000* City of Abilene, Texas, General Obligation Bonds, Series 2023 (the "Bonds") will accrue from the date of initial delivery to the underwriters named below (the "Underwriters") and will be payable February 15 and August 15 of each year commencing February 15, 2024, until maturity or prior redemption. Interest on the definitive Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 of principal amount or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE OBLIGATIONS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar for the Bonds is U.S. Bank Trust Company, National Association, Dallas, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE...The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Texas Government Code, Chapter 1331, as amended, and a bond election held in the City of Abilene (the "City") on November 8, 2022 (the "Bond Election"), and are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (the "Bond Ordinance") (see "THE OBLIGATIONS - Authority for Issuance of the Bonds").

PURPOSE... Proceeds from the sale of the Bonds will be used for the public purpose of (i) constructing, improving and equipping Fire Station No. 9 for the Abilene Fire Department and (ii) to pay the costs associated with the issuance of the Bonds (see "THE OBLIGATIONS - Purpose of the Bonds").

CUSIP PREFIX⁽¹⁾: 00344N - MATURITY SCHEDULE & 9 DIGIT CUSIP - SEE SCHEDULE ON PAGE 2

SEPARATE ISSUES... The Bonds are being offered by the City concurrently with the "City of Abilene, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023" (the "Certificates") under a common Official Statement, and such Bonds and Certificates are hereinafter sometimes referred to collectively as the "Obligations." The Obligations are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY...The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see Appendix C, "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas.

DELIVERY...It is expected that the Bonds will be available for delivery through the facilities of DTC on June 1, 2023.

FROST BANK

SAMCO CAPITAL MARKETS, INC.

* Preliminary, subject to change.

MATURITY SCHEDULE*

CUSIP ⁽¹⁾ Prefix: 00344N

\$7,650,000* GENERAL OBLIGATION BONDS, SERIES 2023

Maturity (2/15)	Principal Amount	Interest Rate	Initial Yield	CUSIP ⁽¹⁾	Maturity (2/15)	Principal Amount	Interest Rate	Initial Yield	CUSIP ⁽¹⁾
2024	\$ 205,000				2034	\$ 385,000			
2025	275,000				2035	400,000			
2026	285,000				2036	415,000			
2027	295,000				2037	430,000			
2028	305,000				2038	445,000			
2029	320,000				2039	460,000			
2030	330,000				2040	480,000			
2031	340,000				2041	500,000			
2032	355,000				2042	520,000			
2033	370,000				2043	535,000			

(Interest to accrue from the date of delivery)

*Preliminary, subject to change.

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Underwriters or the Financial Advisor shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION...The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

PRELIMINARY OFFICIAL STATEMENT

Dated: April 18, 2023

Ratings:

Fitch: "AA+"

Moody's: "Aa2"

(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas ("Bond Counsel"), interest on the Certificates (defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

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

\$7,650,000*

CITY OF ABILENE, TEXAS

(Taylor and Jones Counties)

COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

Dated Date: May 1, 2023

(Interest accrues from the delivery date.)

Due: February 15, as shown on page 4

PAYMENT TERMS...Interest on the \$7,650,000* City of Abilene, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023 (the "Certificates") will accrue from the date of initial delivery to the underwriters named below (the "Underwriters") and will be payable February 15 and August 15 of each year commencing February 15, 2024, until maturity or prior redemption. Interest on the definitive Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 of principal amount or integral multiples thereof. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE OBLIGATIONS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar for the Certificates is U.S. Bank Trust Company, National Association, Dallas, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE... The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") particularly Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended, and constitute direct obligations of the City of Abilene, Texas (the "City"), payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a pledge of limited surplus revenues (not to exceed \$1,000) of the City's waterworks and sewer system, as provided in the ordinance authorizing the Certificates (the "Certificate Ordinance") (see "THE OBLIGATIONS- Authority for Issuance of the Certificates").

PURPOSE...Proceeds from the sale of the Certificates will be used for the public purpose of (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage, and including acquiring land and interests in land therefor, and (ii) legal, fiscal and engineering fees in connection with such projects and other costs associated with the issuance of the Certificates. (see "THE OBLIGATIONS – Purpose of the Certificates").

CUSIP PREFIX⁽¹⁾: 00344N - MATURITY SCHEDULE & 9 DIGIT CUSIP - SEE SCHEDULE ON PAGE 4

SEPARATE ISSUES...The Certificates are being offered by the City concurrently with the "City of Abilene, Texas, General Obligation Bonds, Series 2023" (the "Bonds") under a common Official Statement. The Certificates and Bonds are hereinafter sometimes referred to collectively as the "Obligations." The Obligations are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY...The Certificates are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see Appendix C, "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas.

DELIVERY...It is expected that the Certificates will be available for delivery through the facilities of DTC on June 1, 2023.

FROST BANK

SAMCO CAPITAL MARKETS, INC.

* Preliminary, subject to change.

MATURITY SCHEDULE***CUSIP Prefix: 00344N⁽¹⁾****\$7,650,000* COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023**

Maturity (2/15)	Principal Amount	Interest Rate	Initial Yield	CUSIP ⁽¹⁾	Maturity (2/15)	Principal Amount	Interest Rate	Initial Yield	CUSIP ⁽¹⁾
2024	\$ 205,000				2034	\$ 385,000			
2025	275,000				2035	400,000			
2026	285,000				2036	415,000			
2027	295,000				2037	430,000			
2028	305,000				2038	445,000			
2029	320,000				2039	460,000			
2030	330,000				2040	480,000			
2031	340,000				2041	500,000			
2032	355,000				2042	520,000			
2033	370,000				2043	535,000			

(Interest to accrue from the date of delivery)

*Preliminary, subject to change.

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Underwriters or the Financial Advisor shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION...The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

USE OF INFORMATION IN THE PRELIMINARY OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"), this document constitutes an Official Statement of the City with respect to the Obligations that has or will be "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

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

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

Certain information set forth herein has been obtained from sources other than the City that the City believes to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the City, the Underwriters or the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

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

None of the City, its Financial Advisor, or the Underwriters make any representation as to the accuracy, completeness, or adequacy of the information in this Official Statement regarding the Depository Trust Company New York, New York ("DTC") or its book entry only system, as such information has been provided by DTC.

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

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 JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

OFFICIAL STATEMENT SUMMARY

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

THE CITY	The City of Abilene (the “City”) is a political subdivision and municipal corporation of the State located in Taylor and Jones Counties. The City covers approximately 109.92 square miles. The 2020 U.S. Census population was 125,182, while the estimated 2023 population is 125,070 (see “INTRODUCTION - Description of the City” and “Appendix A – General Information Regarding the City”).
THE OBLIGATIONS	The Obligations are issued as \$7,650,000* General Obligation Bonds, Series 2023 (the “Bonds”), and \$7,650,000* Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023 (the “Certificates”). The Bonds and the Certificates are referred to collectively herein as the “Obligations”. The Bonds mature on February 15 in the years 2024 through 2043 inclusive. The Certificates mature on February 15 in the years 2024 through 2043 inclusive (see “THE OBLIGATIONS -Description of the Obligations”). The Obligations are being offered concurrently under a common Official Statement.
PAYMENT OF INTEREST	Interest on the Obligations accrues from the date of initial delivery to the underwriters listed on the cover page hereof (the “Underwriters”), and is payable initially on February 15, 2024 and each August 15 and February 15 thereafter, until maturity or prior redemption (see “THE OBLIGATIONS - Description of the Obligations” and “THE OBLIGATIONS - Optional Redemption”).
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to the general laws of the State, including particularly Texas Government Code, Chapter 1331, as amended, a bond election held by the City on November 8, 2022, and the ordinance to be passed by the City Council of the City (see “THE OBLIGATIONS - Authority for Issuance of the Bonds”). The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an ordinance to be passed by the City Council of the City (see “THE OBLIGATIONS - Authority for Issuance of the Certificates”).
SECURITY FOR THE OBLIGATIONS	The Bonds constitute direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (see “THE OBLIGATIONS – The Bonds - Security and Source of Payment”). The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a pledge of limited surplus revenues of the City’s waterworks and sewer system (not to exceed \$1,000), as provided in the ordinance authorizing the Certificates (see “THE OBLIGATIONS – The Certificates - Security and Source of Payment”).
REDEMPTION	The City reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS - Optional Redemption”).
TAX MATTERS	In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption “TAX MATTERS” herein.
RATINGS	The Obligations are rated “AA+” by Fitch Ratings (“Fitch”) and “Aa2” by Moody’s Investors Service, Inc. (“Moody’s”) (see “OTHER INFORMATION - Ratings”).

*Preliminary, subject to change.

USE OF PROCEEDS Proceeds from the sale of the Bonds will be used for the public purpose of (i) constructing, improving and equipping Fire Station No. 9 for the Abilene Fire Department and (ii) to pay the costs associated with the issuance of the Bonds.

Proceeds from the sale of the Certificates will be used for the public purpose of (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage, and including acquiring land and interests in land therefor, and (ii) legal, fiscal and engineering fees in connection with such projects and other costs associated with the issuance of the Certificates.

BOOK-ENTRY-ONLY

SYSTEM The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of \$5,000 of principal amount or integral multiples thereof. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see “THE OBLIGATIONS - Book-Entry-Only System”).

PAYMENT RECORD The City has never defaulted in payment of its bonded indebtedness.

PAYING AGENT/REGISTRAR The initial Paying Agent/Registrar for each series of Obligations is U.S. Bank Trust Company, National Association, Dallas, Texas.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Debt ⁽³⁾	Per Capita G.O. Debt	Ratio G.O. Debt to Taxable Assessed Valuation	% of Total Tax Collections
2019	124,557	\$ 6,366,808,791	\$ 51,116	\$ 316,055,000	\$ 2,537	4.96%	99.33%
2020	123,403	6,662,943,045	53,993	347,660,000	2,817	5.22%	99.02%
2021	123,420	6,944,209,541	56,265	355,600,000	2,881	5.12%	99.07%
2022	125,182	7,313,608,517	58,424	361,595,000	2,889	4.94%	98.76%
2023	125,070	8,214,685,923	65,681	358,745,000 ⁽⁴⁾	2,868 ⁽⁴⁾	4.37% ⁽⁴⁾	71.82% ⁽⁵⁾

(1) Population estimates provided by the City.

(2) As reported by the Central Appraisal District of Taylor County on City’s annual Reports of Property Value to the State Comptroller of Public Accounts; subject to change during the ensuing year.

(3) Includes self-supporting debt (see Table 3B – Derivation of General Purpose Funded Tax Debt).

(4) Includes the Obligations. Preliminary, subject to change.

(5) Partial year collections as of January 31, 2023.

For additional information regarding the City, please contact:

Mike Rains Director of Finance City of Abilene P.O. Box 60 Abilene, Texas 79604-0060 (325) 676-6324	or	George Williford Managing Director Hilltop Securities Inc. 717 North Harwood Street, Suite 3400 Dallas, Texas 75201 (214) 953-8705
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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Anthony Williams Mayor	6 Years	May 2023	Advancement and Executive Community Relations Officer Abilene Christian University
Shane Price Councilmember (Place 1)	14 Years	May 2024	Vice President of Development, Bookstore Manager Software
Lynn Beard Councilmember (Place 2)	2 Years	May 2024	General Manager, Abilene Aero, Inc.
Donna Albus Councilmember (Place 3)	6 Years	May 2023	Retiree
Weldon W. Hurt Councilmember (Place 4)	6 Years	May 2023	President, West Texas Pest Patrol
Kyle McAlister Councilmember (Place 5)	10 Years	May 2025	Sales Rep, Lamar Advertising
Dr. Travis Craver Councilmember (Place 6)	4 Years	May 2025	Vice President of Operations, Fat Matt Roofing

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to the City
Robert Hanna	City Manager	8 Years
Mindy Patterson	Deputy City Manager	31 Years
Michael Rice, PE	Assistant City Manager	8 Years
Shawna Atkinson, TRMC, CMC	City Secretary	4 Years
Stanley Smith	City Attorney	15 Years
Lesli Andrews	Director of Parks & Recreation	19 Years
Mike Rains	Director of Finance	14 Years
Pamela Williams	Director of Human Resources	4 Years
Tim Littlejohn	Director of Planning and Development	6 Years
Max Johnson	Director of Public Works	3 Years
Don Green	Director of Transportation Services	19 Years
Rodney Taylor	Director of Water Utilities	20 Years
Annette Lerma	Director of Public Health	21 Years
Julie Hammer	Director of Library Services	3 Years
Doug Wrenn	Interim Chief of Police	30 Years
Cande Flores	Fire Chief	31 Years
Jesse Pottebaum	Zoo Director	4 Years

CONSULTANTS AND ADVISORS

Auditors FORVIS, LLP

Bond Counsel McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor.....Hilltop Securities Inc.
Dallas, Texas

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

CITY OF ABILENE, TEXAS

\$7,650,000*
GENERAL OBLIGATION BONDS,
SERIES 2023

\$7,650,000*
COMBINATION TAX AND LIMITED SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2023

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$7,650,000* City of Abilene, Texas, General Obligation Bonds, Series 2023 (the "Bonds"), and \$7,650,000* Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023 (the "Certificates"). The Bonds and the Certificates are referred to collectively herein as the "Obligations". Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective Ordinances (hereinafter defined) to be adopted on the date of sale of each respective series of the Obligations which will authorize the issuance of the Obligations, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

The Obligations are being offered concurrently by the City under a common Official Statement. The Obligations are separate and distinct securities offerings being authorized for issuance under separate ordinances (the "Bond Ordinance," and "Certificate Ordinance" respectively, and collectively the "Ordinances"), to be adopted by the City Council of the City, and are being offered and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

DESCRIPTION OF THE CITY ... The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1883, and first adopted its Home Rule Charter in 1962. The City operates under the Council/Manager form of government where the mayor and six Councilmembers are elected for staggered three-year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, airport, sanitation services, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2020 U. S. Census population for the City was 125,182, while the estimated 2023 population is 125,070. The City covers approximately 109.92 square miles (see "Appendix A – General Information Regarding the City").

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS... The Obligations are dated May 1, 2023 and mature on February 15 in each of the years and in the amounts shown on pages 2 and 4 hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15, commencing February 15, 2024 until maturity or prior redemption. The definitive Obligations will be issued only in fully registered form in any integral multiple of \$5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "Book-Entry-Only System" herein).

AUTHORITY FOR ISSUANCE OF THE BONDS... The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Texas Government Code, Chapter 1331, as amended, a bond election held in the City on November 8, 2022 (the "Bond Election") and an ordinance to be passed by the City Council.

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES ... The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code (the "Certificate of Obligation Act of 1971"), as amended, and an ordinance to be passed by the City Council.

* Preliminary, subject to change.

THE BONDS – SECURITY AND SOURCE OF PAYMENT...The principal of and interest on the Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax within the limits prescribed by law upon all taxable property in the City.

THE CERTIFICATES - SECURITY AND SOURCE OF PAYMENT... The principal of and interest on the Certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and additionally are payable from a pledge of limited surplus revenues of the City's waterworks and sewer system (not to exceed \$1,000).

PURPOSE OF THE BONDS...Proceeds from the sale of the Bonds will be used for the public purpose of (i) constructing, improving and equipping Fire Station No. 9 for the Abilene Fire Department, and (ii) to pay the costs associated with the issuance of the Bonds (see "Table 11 - Authorized But Unissued General Obligation Bonds").

PURPOSE OF THE CERTIFICATES. .Proceeds from the sale of the Certificates will be used for the public purpose of (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage, and including acquiring land and interests in land therefor, and (ii) legal, fiscal and engineering fees in connection with such projects and other costs associated with the issuance of the Certificates.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. While State law does not provide for any allocation of the City's tax between debt service and operations, administratively, the Attorney General of the State will permit allocation of approximately two-thirds of the maximum tax rate for all general obligation debt service, as calculated at the time of issuance and based on a 90% collection rate. The City's 2022/2023 tax rate is \$0.7621 of which \$0.1633 is for debt service purposes (see "TAX INFORMATION - Table 4 – Tax Rate, Levy and Collection History" herein).

OPTIONAL REDEMPTION...The City reserves the right, at its option, to redeem Obligations of any series having stated maturities on and after February 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City may select the maturities of such series of Obligations to be redeemed. If less than all the Obligations of any maturity of any series 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 an Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (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.

With respect to any optional redemption of the Obligations, unless certain prerequisites to such redemption required by the respective Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Obligations to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Obligations, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Obligations have not been redeemed.

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

DEFEASANCE... The Ordinances provide for the defeasance of the Obligations when the payment of the principal on the Obligations, plus interest on the Obligations to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) lawful money of the United States sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without

reinvestment, of sufficient money to provide for such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that the term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, defease or otherwise discharge obligations such as the Obligations. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds have been refunded and, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment 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, the City has the option, to be exercised at the time of the defeasance of the Obligations, to call for redemption at an earlier date those Obligations which have been defeased to their maturity date, 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.

There is no assurance that current Texas 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 Ordinance does not contractually limit such investments, registered owners will 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 Texas law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM . . . *This section 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 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 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 Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry

transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

Principal and interest payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar of each series, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar of each series, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the 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.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Underwriters.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the Book-Entry-Only System of the Obligations is discontinued, printed Obligations will be issued to the DTC Participants or the holder, as the case may be, and such Bonds and/or Certificates will be subject to transfer, exchange and registration provisions as set forth in each Ordinance and summarized under “THE OBLIGATIONS - Transfer, Exchange and Registration” below.

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

TRANSFER, EXCHANGE AND REGISTRATION... In the event the Book-Entry-Only System should be discontinued, printed Obligation certificates will be delivered to the registered owners of the Obligations and thereafter the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar of such printed certificates and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new 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 business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 of principal amount for any one maturity for a like type and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See “Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation.

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

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (“Special Payment Date”, which shall be 15 days after the Special Record Date) shall be sent at least 5 business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of an Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

AMENDMENTS . . . In each Ordinance, the City has reserved the right to amend the respective Ordinance without the consent of any holder for the purpose of amending or supplementing the respective Ordinance to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the holders, (iv) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the holders. Each Ordinance further provides that the holders of the respective Certificates or the Bonds, as applicable, aggregating in principal amount

51% of the outstanding respective Certificates or Bonds, as the case may be, shall have the right from time to time to approve any amendment not described above to the respective Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Certificates or Bonds so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Certificates or Bonds; (ii) reducing the rate of interest borne by any of the outstanding Certificates or Bonds; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates or Bonds; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates or Bonds, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Certificates or Bonds necessary for consent to such amendment. Reference is made to the respective Ordinances for further provisions relating to the amendment thereof.

OBLIGATIONHOLDERS' REMEDIES . . . The respective Ordinances establish specific events of default with respect to the Certificates and the Bonds, respectively. If the City defaults in the payment of the principal of or interest on the Certificates or the Bonds when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Certificates or the Bonds, as applicable, including but not limited to, their prospect or ability to be repaid in accordance with the respective Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the respective Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Bonds, as applicable, or the respective Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates or the Bonds 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 of the Certificates or the Bonds upon any failure of the City to perform in accordance with the terms of the respective Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson I"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I*, *Wasson Interests LTD. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("Wasson II", and together with *Wasson I*, "Wasson"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. 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 authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the State's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question. If sovereign immunity is determined by a court to exist, then 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 of the Certificates or the Bonds may not be able to bring such a suit against the City for breach of the covenants in the Certificates or the Bonds or in the Ordinances. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its debt, but the City is not using Chapter 1371 as legal authority in connection with the issuance of the Obligations and the City has not waived sovereign immunity pursuant to Chapter 1371. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates or the Bonds.

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, holders of the Certificates or the Bonds 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 Certificates or the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

See "Book-Entry-Only System" herein for a description of the duties of DTC with regard to ownership of the Certificates and the Bonds. Initially, the only registered owner of the Certificates and the Bonds will be DTC. See "Book-Entry-Only System" herein.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Obligations will be applied approximately as follows:

	The Bonds	The Certificates
<u>Sources of Proceeds</u>		
Par Amount		
Reoffering Premium		
Total Sources of Proceeds	\$ -	\$ -
<u>Uses of Proceeds</u>		
Deposit to Project/Construction Fund		
Underwriters' Discount		
Costs of Issuance		
Total Uses of Proceeds	\$ -	\$ -

TAX INFORMATION

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

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Taylor Central Appraisal District and Jones County Appraisal District (collectively, 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 "TAX INFORMATION – 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.

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 by the City, see “TAX INFORMATION –City Application of Tax Code” and “Table 1 – Valuation, Exemptions and General Obligation Debt.”

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.

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 \$52,978,200 for the 2022 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “TAX INFORMATION – 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.

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.

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

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

CITY APPLICATION OF TAX CODE...The City grants an exemption of 15% of the market value of residence homesteads; minimum exemption of \$5,000.

The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of up to \$15,000; the disabled are also granted an exemption of up to \$15,000.

The City has granted certain Historic Tax Exemptions under the Historic Tax Reduction Program.

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

The City does not tax nonbusiness personal property; and the Central Appraisal District of Taylor County collects ad valorem taxes for the City under a contract with the City.

The City has taken action to implement the tax freeze on the residence homestead of persons who are disabled and persons who are 65 years of age or older, as approved by the City's voters at an election held on November 7, 2006. The tax freeze, which applies to property that accounts for approximately 1.6% of the City's property tax revenue, may impact future property tax rates for the City. City administration does not believe that the implementation of the tax freeze will have a material adverse financial impact on the City for the September 30, 2023 fiscal year; however, City staff expects to continue to monitor the potential impact of the tax freeze on the City's financial condition.

The City does permit split payments, first half due by November 30, second half due by June 30; discounts are not allowed.

The City does tax freeport property.

The City has not taken action to tax goods-in-transit.

The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted a tax abatement policy, as described below.

TAX ABATEMENT POLICY...In 1990, the City established a tax abatement policy to encourage economic development. The policy specified several criteria pertaining to job creation and property value enhancement that newly constructed real and personal property improvements had to meet in order to be considered for tax abatement; projects were eligible for abatement of a percentage of ad valorem taxes for ten years; property located within an enterprise zone could receive an additional percentage abatement of 5% - 10%. The City granted a total of four abatements during the period 1990-1992. From 1992 to March, 1997, however, no tax abatements were granted as the City's policy was to provide incentives in lieu of tax abatements from a ½ of 1% economic development sales tax that became effective in 1990.

On March 27, 1997, the City rewrote and adopted a definitive Property Tax Abatement Policy (the "Policy"). On June 14, 2001, the City Council adopted a revised definitive Policy. Specific guidelines for tax abatement benefits were established for manufacturing, distribution, retail (if located in an enterprise zone or development area) and service facilities located in Abilene and certain multi-family residential properties if located in the Abilene Reinvestment Zone Number One. Generally, tax abatements may be granted for each year only for the additional values of eligible property improvements (actual capital expenditures) to the extent that the value of the property covered by the agreement exceeds the value of the property for the year in which the abatement agreement is executed; no abatement agreement may have a term in excess of ten years from the date of execution. Abatements are to be considered under specific criteria that includes job creation and capital expenditures with resulting abatements of 15% to 100% if granted. The City currently has one tax abatement in effect.

TAX INCREMENT FINANCING ZONE... Reinvestment Zone Number Two, City of Abilene ("Zone Two") was created on December 5, 2013 by the City. Comprising approximately 1,594 acres, Zone Two includes the Pine Street and Ambler Avenue corridors, all within the City's corporate limits. Ad valorem taxes on incremental growth in real property values within Zone Two (levied at the tax rate of the City on real property in Zone Two from a base value as of January 1, 2013 of approximately \$116.4 million) are used to pay costs of development of Zone Two; these tax funds can be used only for public improvements in Zone Two or for payment of debt service on bonds issued to provide funds for public improvements located within Zone Two. Zone Two has no bonded debt.

Reinvestment Zone Number Three, City of Abilene ("Zone Three") was created on November 17, 2022, by the City. Comprising approximately 421 acres, Zone Three includes the area between East North 10th Street and U.S. Highway 80 East on the north and south borders and Loop 322 on the eastern border, all within the City's corporate limits. Ad valorem taxes on incremental growth on real property values within Zone Three (levied at the tax rate of the City on real property in Zone Three from a base value as of January 1, 2022, of approximately \$1.7 million) are used to pay costs of development of Zone Three; these tax funds can be used only for public improvements in Zone Three or for payment of debt service on bonds issued to provide funds for public improvements located within Zone Three. Zone Three has no bonded debt.

CHAPTER 380 AGREEMENTS... The City is currently a party to eight agreements under Chapter 380 of the Local Government Code.

2023 REGULAR AND SPECIAL LEGISLATIVE SESSIONS

On January 10, 2023, the 88th Legislature convened in general session which is scheduled to adjourn on May 29, 2023. Thereafter, the Texas Governor may call one or more additional special sessions. During this time, the Texas Legislature may enact laws that materially change the Property Tax Code and other current law as it relates to ad valorem taxation. The City can make no representations or predictions regarding any actions the Legislature has taken or may take concerning the substance or the effect of any legislation passed in a previous session or a future session of the Legislature.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2022/23 Market Valuation Established by the Appraisal District (excluding totally exempt property)		\$ 9,345,142,305
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemptions (Local Option)	\$ 555,758,268	
Residence Homestead Exemptions (Over 65 and Disabled)	146,446,184	
Residential Homestead Value Lost on 10% Cap	173,680,040	
Productivity Loss	71,438,113	
Disabled Veterans Exemptions	176,285,403	
Pollution Control Value Lost	1,794,938	
Historic Tax Exemptions	4,433,453	
Surviving Spouse of first responder killed in line of duty	619,983	
		<u>(1,130,456,382) ⁽¹⁾</u>
2022/23 Taxable Assessed Valuation		\$ 8,214,685,923
City Funded Debt Payable from Ad Valorem Taxes as of April 1, 2023		
Outstanding General Obligation Debt	\$ 343,445,000	
The Bonds ⁽²⁾	7,650,000	
The Certificates ⁽²⁾	<u>7,650,000</u>	
		\$ 358,745,000
Less: Self-Supporting Debt ⁽⁵⁾		
Waterworks and Sewer System General Obligation Debt ⁽³⁾	225,755,000	
Downtown Hotel Convention Center General Obligation Debt ⁽⁴⁾	<u>6,000,000</u>	
General Purpose Funded Debt Payable from Ad Valorem Taxes		\$ 126,990,000
Ratio Funded Debt to Taxable Assessed Valuation		4.37%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		1.55%

2023 Estimated Population - 125,070

Per Capita 2022/23 Taxable Assessed Valuation - \$ 65,681

Per Capita Funded Debt Payable from Ad Valorem Taxes - \$2,868

Per Capita General Purpose Funded Debt Payable from Ad Valorem Taxes - \$1,015

- (1) In addition to the exemptions described, the City has taken action to implement the tax freeze on the residence homestead of persons who are disabled and persons who are 65 years of age or older. See "TAX INFORMATION – City Application of Tax Code."
- (2) Preliminary, subject to change.
- (3) "Waterworks and Sewer System (the "System") General Obligation Debt" consists of the Combination Tax and Surplus Revenue Certificates of Obligation, Series 2012, the Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015, a portion of the General Obligation Refunding and Improvement Bonds, Series 2015, a portion of the General Obligation Refunding and Improvement Bonds, Series 2016, a portion of the Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2017, a portion of the General Obligation Refunding Bonds, Series 2017, the Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018, a portion of the Combination Tax and Limited Surplus Certificates of Obligation, Series 2019, the General Obligation Refunding Bonds, Taxable Series 2019, a portion of the General Obligation Refunding Bonds, Taxable Series 2020, and the Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2022. The City provides for debt service on these issues from surplus Net Revenues of the System. The City has no outstanding Waterworks and Sewer System Revenue Bonds but has obligated revenues of the System under Water Supply Contracts. See Note 8, "Long-Term Obligations and Amounts Due within One Year" in the Notes to Financial Statements for the Fiscal year Ended September 30, 2022, in "APPENDIX B – EXCERPTS FROM THE CITY OF ABILENE, TEXAS ANNUAL FINANCIAL REPORT" for additional information concerning such Water Supply Contracts.
- (4) "Downtown Hotel Convention Center General Obligation Debt" consists of outstanding Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2021B, on which debt service is provided from state and local hotel occupancy taxes (Texas House Bill 2445) and surplus revenues of the Downtown Hotel.
- (5) It is the City's current policy to pay such self-supporting debt from the respective revenue sources; this policy is subject to change in the future, although the City has no current plans to change its policy. In the event the City changes its policy, or if such revenues are not sufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax to pay such debt service (see Tables 1 and 10 herein for more detailed information on the City's general obligation self-supporting debt).

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year September 30,					
	2023		2022		2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 5,442,283,288	58.24%	\$4,683,734,730	57.06%	\$4,260,961,939	55.14%
Real, Residential, Multi-Family	551,042,000	5.90%	485,122,986	5.91%	442,013,247	5.72%
Real, Vacant Lots/Tracts	95,279,988	1.02%	83,572,596	1.02%	81,882,675	1.06%
Real, Acreage (Land Only)	73,520,012	0.79%	61,351,429	0.75%	53,149,310	0.69%
Real, Farm and Ranch Improvements	54,167,270	0.58%	48,317,011	0.59%	44,708,588	0.58%
Real, Commercial and Industrial	1,850,842,127	19.81%	1,683,338,499	20.51%	1,681,615,465	21.76%
Real, Oil, Gas and Other Minerals	17,483,879	0.19%	12,312,083	0.15%	14,371,967	0.19%
Real and Tangible Personal, Utilities	253,289,425	2.71%	238,396,762	2.90%	204,310,461	2.64%
Tangible Personal, Commercial and Industrial	927,058,559	9.92%	841,055,621	10.25%	874,863,016	11.32%
Tangible Personal, Other	11,258,419	0.12%	10,349,111	0.13%	9,002,168	0.12%
Real Property, Inventory ⁽¹⁾	5,782,737	0.06%	5,231,228	0.06%	5,416,678	0.07%
Special Inventory	63,134,601	0.68%	55,788,391	0.68%	54,716,549	0.71%
Total Appraised Value Before Exemptions	\$ 9,345,142,305	100.00%	\$ 8,208,570,447	100.00%	\$ 7,727,012,063	100.00%
Less: Total Exemptions/Reductions ⁽²⁾	(1,130,456,382)		(894,961,930)		(782,802,522)	
Taxable Assessed Value	<u>\$ 8,214,685,923</u>		<u>\$ 7,313,608,517</u>		<u>\$ 6,944,209,541</u>	

Category	Taxable Appraised Value for Fiscal Year September 30,			
	2020		2019	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 4,039,723,261	54.46%	\$3,825,140,077	54.05%
Real, Residential, Multi-Family	413,627,102	5.58%	388,679,603	5.49%
Real, Vacant Lots/Tracts	79,796,252	1.08%	70,438,459	1.00%
Real, Acreage (Land Only)	53,780,234	0.73%	55,764,233	0.79%
Real, Farm and Ranch Improvements	41,863,453	0.56%	35,474,356	0.50%
Real, Commercial and Industrial	1,636,398,300	22.06%	1,595,585,682	22.55%
Real, Oil, Gas and Other Minerals	14,654,572	0.20%	9,505,034	0.13%
Real and Tangible Personal, Utilities	198,203,957	2.67%	184,762,925	2.61%
Tangible Personal, Commercial and Industrial	871,984,071	11.76%	849,758,355	12.01%
Tangible Personal, Other	9,253,313	0.12%	9,702,639	0.14%
Real Property, Inventory ⁽¹⁾	6,299,324	0.08%	6,877,085	0.10%
Special Inventory	52,261,151	0.70%	45,189,521	0.64%
Total Appraised Value Before Exemptions	\$ 7,417,844,990	100.00%	\$ 7,076,877,969	100.00%
Less: Total Exemptions/Reductions ⁽²⁾	(754,901,945)		(710,069,178)	
Taxable Assessed Value	<u>\$ 6,662,943,045</u>		<u>\$ 6,366,808,791</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Central Appraisal District of Taylor County and the Jones County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

- (1) Real properties inventories in the hands of developers or builders; each group of properties in this category is appraised on the basis of its value as a whole as a sale to another developer or builder.
- (2) In addition to the exemptions described, the City has taken action to implement the tax freeze on the residence homestead of persons who are disabled and persons who are 65 years of age or older. See "TAX INFORMATION – City Application of Tax Code."

TABLE 3A - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	General Obligation Debt Outstanding ⁽³⁾	Ratio General Obligation Debt to Taxable Assessed Valuation	General Obligation Debt Per Capita
2019	124,557	\$ 6,366,808,791	\$ 51,116	\$ 316,055,000	4.96%	\$ 2,537
2020	123,403	6,662,943,045	53,993	347,660,000	5.22%	2,817
2021	123,420	6,944,209,541	56,265	355,600,000	5.12%	2,881
2022	125,182	7,313,608,517	58,424	361,595,000	4.94%	2,889
2023	125,070	8,214,685,923	65,681	358,745,000 ⁽⁴⁾	4.37% ⁽⁴⁾	2,868 ⁽⁴⁾

(1) Source: City of Abilene

(2) As reported by the Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt (see "Table 3B - Derivation of General Purpose Funded Tax Debt").

(4) Includes the Obligations. Preliminary, subject to change.

TABLE 3B - DERIVATION OF GENERAL PURPOSE FUNDED TAX DEBT

Fiscal Year Ended 9/30	General Obligation Debt Outstanding	Less: Self-Supporting Waterworks and Sewer System General Obligation Debt	Less: Airport General Obligation Debt	Less: Downtown Hotel Convention Center General Obligation Debt	General Purpose Funded Tax Debt
2019	\$ 316,055,000	\$ 194,785,000	\$ 1,310,000	\$ -	\$ 119,960,000
2020	347,660,000	232,220,000	895,000	-	114,545,000
2021	355,600,000	222,000,000	460,000	-	133,140,000
2022	361,595,000	235,950,000	-	6,000,000	119,645,000
2023	358,745,000 ⁽¹⁾	225,755,000	-	6,000,000	126,990,000 ⁽¹⁾

(1) Includes the Obligations. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution		Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
		General Fund	Interest and Sinking Fund			
2018	\$ 0.7722	\$ 0.5648	\$ 0.2074	\$ 47,767,944	98.83%	99.33%
2019	0.7877	0.6069	0.1808	50,887,413	98.77%	99.02%
2020	0.7877	0.6019	0.1858	52,619,993	98.20%	99.07%
2021	0.7851	0.6019	0.1832	55,221,152	98.29%	98.76%
2022	0.7621	0.5988	0.1633	64,122,867	71.44% ⁽¹⁾	71.82% ⁽¹⁾

(1) Partial year collections as of January 31, 2023.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	FYE 2023 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
AEP Texas Inc.	Electric Transmission & Distribution	\$ 124,813,288	1.52%
Pumpco Inc.	Manufacturer	44,549,065	0.54%
Atmos Energy/Mid-Tex Distribution	Gas Distribution	40,199,627	0.49%
Fehr Food Inc.	Food Manufacturer	34,251,729	0.42%
Cebridge Acquisitions	Cable TV Provider	33,998,082	0.41%
Coca-Cola Southwest Beverages LLC	Beverage Distributor	32,927,853	0.40%
Welltower TCG NNN Landlord LLC	Developer	29,078,404	0.35%
Lowes Home Centers, Inc.	Home Improvement Store	27,815,787	0.34%
Partners Mall Abilene LLC (Mall of Abilene)	Retail Shopping Center	27,030,000	0.33%
CapX Ventures Fund I LLC	Real Estate Investment	24,000,000	0.29%
		<u>\$ 418,663,835</u>	<u>5.10%</u>

GENERAL OBLIGATION DEBT LIMITATION...No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "THE OBLIGATIONS - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY

Maximum Principal and Interest Requirements, All General Obligation Debt, 2024 ⁽¹⁾	\$ 30,602,691
\$.3841 Tax Rate at 97% Collection Produces	\$ 30,606,030
Maximum Principal and Interest Requirements, General Funded Purpose Debt, 2024 ⁽²⁾	\$ 12,691,662
\$.1593 Tax Rate at 97% Collection Produces	\$ 12,693,415

- (1) Includes the Obligations and self-supporting debt. See "Table 1 – Valuation, Exemptions and General Obligation Debt." Preliminary, subject to change.
- (2) Includes the Obligations, but excludes self-supporting debt. Preliminary, subject to change.

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TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas and from information furnished by the Central Appraisal District of Taylor County and the Jones County Appraisal Districts. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2022/23 Taxable Assessed Value ⁽¹⁾	2022/23 Tax Rate ⁽¹⁾	Total Tax Debt As of 4/1/2023	Estimated % Applicable	City's Overlapping Tax Debt As of 4/1/2023	Authorized But Unissued Debt As of As of 4/1/2023
City of Abilene	\$ 8,214,685,923	\$ 0.7621	\$ 358,745,000 ⁽²⁾	100.00%	\$ 358,745,000 ⁽²⁾	\$ 8,000,000 ⁽³⁾
Abilene Independent School District	6,020,274,785	1.2093	200,355,246	98.46%	197,269,775	-
Clyde Cons. Independent School District	709,449,081	1.2043	16,870,000	0.81%	136,647	-
Eula Independent School District	486,880,199	1.0437	3,677,000	35.05%	1,288,789	-
Hawley Independent School District	191,165,520	1.2196	4,150,000	0.96%	39,840	-
Jones County	788,052,534	0.5508	4,865,000	4.82%	234,493	-
Merkel Independent School District	521,405,964	1.0671	8,885,000	0.59%	52,422	-
Taylor County	11,519,602,089	0.5675	51,020,000	74.94%	38,234,388	-
Wylie Independent School District	2,793,245,044	1.0300	40,800,000	61.41%	25,055,280	-
Total Direct and Overlapping Tax Debt					\$ 621,056,633	
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation					7.56%	
Per Capita Overlapping Tax Debt					\$ 4,965.67	

(1) Source: Municipal Advisory Council of Texas.

(2) Includes self-supporting General Obligation Debt (see "Table 1 – Valuation, Exemptions and General Obligation Debt").

(3) Includes the Bonds. Upon issuance of the Bonds, the City will have no authorized but unissued debt remaining. See "Table 11 – Authorized but Unissued General Obligation Bonds." Preliminary, subject to change.

If the City's General Purpose Funded Debt of \$126,990,000 is included in the calculation in place of Total Tax Debt of \$358,745,000, the following results:

Total Direct and Overlapping Tax Debt	\$ 389,301,633
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation	4.74%
Per Capita Overlapping Tax Debt	\$ 3,113

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DEBT INFORMATION

TABLE 8 - PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended	Less:											
									Less:	Downtown		
				Waterworks and Sewer System	Hotel Convention Center General	General Purpose						
	Outstanding Debt ⁽¹⁾			The Bonds ⁽²⁾		The Certificates ⁽³⁾		Grand Total	General	Obligation	Funded	% of
9/30	Principal	Interest	Total	Principal	Interest	Principal	Interest	Requirements	Obligation Debt	Debt	Tax Debt	Principal Retired
2023	\$ 18,150,000	\$ 12,104,942	\$ 30,254,942	\$ -	\$ -	\$ -		\$ 30,254,942	\$ 17,451,787	\$ 240,000	\$ 12,563,155	
2024	18,265,000	11,243,691	29,508,691	205,000	342,000	205,000	342,000	30,602,691	17,440,729	470,300	12,691,662	9.92%
2025	18,365,000	10,584,329	28,949,329	275,000	274,031	275,000	274,031	30,047,391	17,055,706	495,200	12,496,485	
2026	18,895,000	10,004,584	28,899,584	285,000	263,531	285,000	263,531	29,996,646	17,043,158	548,100	12,405,389	
2027	19,100,000	9,439,604	28,539,604	295,000	252,656	295,000	252,656	29,634,916	17,052,988	573,900	12,008,028	
2028	19,335,000	8,796,341	28,131,341	305,000	241,406	305,000	241,406	29,224,153	17,053,169	573,600	11,597,385	
2029	19,630,000	8,113,639	27,743,639	320,000	229,688	320,000	229,688	28,843,014	17,059,497	572,700	11,210,817	36.13%
2030	19,730,000	7,444,702	27,174,702	330,000	217,500	330,000	217,500	28,269,702	17,056,459	571,200	10,642,043	
2031	20,095,000	6,784,491	26,879,491	340,000	204,938	340,000	204,938	27,969,366	17,043,979	574,000	10,351,387	
2032	20,650,000	6,111,720	26,761,720	355,000	191,906	355,000	191,906	27,855,533	17,065,976	571,100	10,218,457	
2033	21,245,000	5,415,714	26,660,714	370,000	178,313	370,000	178,313	27,757,339	17,043,986	503,900	10,209,453	
2034	21,830,000	4,691,049	26,521,049	385,000	164,156	385,000	164,156	27,619,362	16,909,270	502,400	10,207,691	64.66%
2035	22,590,000	3,929,707	26,519,707	400,000	149,438	400,000	149,438	27,618,582	16,916,753	500,300	10,201,528	
2036	21,885,000	3,156,990	25,041,990	415,000	134,156	415,000	134,156	26,140,302	17,056,690	502,500	8,581,112	
2037	20,800,000	2,411,564	23,211,564	430,000	118,313	430,000	118,313	24,308,189	17,075,289	499,000	6,733,900	
2038	18,930,000	1,727,102	20,657,102	445,000	101,906	445,000	101,906	21,750,915	16,206,277	499,800	5,044,837	
2039	18,705,000	1,095,098	19,800,098	460,000	84,938	460,000	84,938	20,889,973	16,216,423	-	4,673,550	93.11%
2040	13,195,000	558,848	13,753,848	480,000	67,313	480,000	67,313	14,848,473	11,047,748		3,800,725	
2041	7,640,000	213,475	7,853,475	500,000	48,938	500,000	48,938	8,951,350	6,343,875		2,607,475	
2042	2,120,000	51,309	2,171,309	520,000	29,813	520,000	29,813	3,270,934	2,171,309		1,099,625	
2043	440,000	5,870	445,870	535,000	10,031	535,000	10,031	1,535,932	445,870		1,090,063	
2044								-	-		-	100.00%
	\$ 361,595,000	\$ 113,884,767	\$ 475,479,767	\$ 7,650,000	\$ 3,304,969	\$ 7,650,000	\$ 3,304,969	\$ 497,389,705	\$ 308,756,938	\$ 8,198,000	\$ 180,434,767	

(1) Outstanding Debt includes self-supporting debt.

(2) Preliminary, subject to change. Average life of the Bonds – 11.521 years. True Interest Cost of the Bonds has been calculated at 3.828% for purposes of illustration.

(3) Preliminary, subject to change. Average life of the Certificates – 11.521 years. True Interest Cost of the Certificates has been calculated at 3.828% for purposes of illustration.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2023 ⁽¹⁾		\$ 12,563,155
Interest and Sinking Fund Balance, 9/30/2022	\$ 3,150,358	
Calculated Interest and Sinking Fund Tax Collections, 9/30/2023	<u>13,414,582</u>	
		<u>\$ 16,564,940</u>
Estimated Balance, 9/30/2023		\$ 4,001,785

(1) Excludes Self-Supporting Debt. Preliminary, subject to change.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT

Gross Income, Waterworks & Sewer System, Fiscal Year Ended 9/30/2022	\$ 68,180,150
Less: Net Operating Expenses, Waterworks & Sewer System, Fiscal Year Ended 9/30/2022 ⁽¹⁾	<u>40,209,817</u>
Balance Available for Other Purposes	\$ 27,970,333
Waterworks and Sewer System General Obligation Requirements, Fiscal Year Ended 9/30/2023	\$ 17,451,787
Percentage of Waterworks and Sewer System General Obligation Debt Self-Supporting	100.00%

(1) Excludes depreciation.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Election Date	Purpose	Amount Authorized	Amount Previously Issued	Amount Being Issued	Authorized But Unissued
11/8/2022	Fire Improvements	\$ 8,000,000	\$ -	\$ 8,000,000 ⁽¹⁾	\$ -
		<u>\$ 8,000,000</u>	<u>\$ -</u>	<u>\$ 8,000,000 ⁽¹⁾</u>	<u>\$ -</u>

(2) Principal plus premium applied to project costs. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT... The City does not anticipate issuing additional debt within the next 12 months. The City may incur non-voted debt payable from or secured by its collection of taxes and other sources of revenue, including tax notes, public property finance contractual obligations, and leases for various purposes.

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TABLE 12 - OTHER OBLIGATIONS**LEASES**

The City has obtained office space, copiers and other equipment through long-term leases. The terms and conditions for these leases varies. These leases are fixed, periodic payments over the lease term, which ranges between 2 -9 year. The City did not incur expense related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are no agreements that include sale-leaseback and lease-leaseback transactions.

As of September 30, 2022, the City had minimum principal and interest payment requirement for its leasing activities, with a remaining term more than one year as follows:

Fiscal Year Ended 9/30	Principal	Interest	Total
2023	\$ 339,361	\$ 22,820	\$ 362,181
2024	331,709	17,940	349,649
2025	221,436	13,094	234,530
2026	169,948	9,936	179,884
2027	147,191	7,397	154,588
2028-2030	401,786	9,045	410,831
	<u>\$ 1,611,431</u>	<u>\$ 80,232</u>	<u>\$ 1,691,663</u>

RETIREMENT PLANSPlan DescriptionsTexas Municipal Retirement System

The City provides pension benefits for all of its eligible employees, except firefighters, through a defined benefit cash-balance plan, one of 901 participating cities, administered by the Texas Municipal Retirement System Plan (TMRS). The TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. Such report may be obtained on TMRS' website at www.TMRS.com.

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

Abilene Firemen's Relief and Retirement Fund

The City provides pension benefits, through a single-employer defined benefit plan, for all of its firefighters not covered by the Texas Municipal Retirement System. The Abilene Firemen's Relief and Retirement Fund (AFRRF) is established under the authority of the Texas Local Fire Fighter's Retirement Act (TLFFRA). The fund is administered by a Board of Trustees. The Board is made up of three members elected from and by the fund members, two representatives of the City of Abilene, Texas, and two citizen members. The plan was most recently amended effective December 1, 2019. Audited financial statements are issued by the Plan and can be obtained from the City of Abilene.

All eligible firefighters of the City, not covered by TMRS or any other system or plan, are required to participate in AFRRF.

Benefits

Texas Municipal Retirement System (TMRS) - This plan 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 benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest and their age at retirement and other actuarial factors. The retiring members may select one of seven monthly benefit 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 member's deposits and interest. Members may choose to receive their retirement benefit in one of seven payment options.

Abilene Firemen's Relief and Retirement Fund (AFRRF) – This plan provides retirement, disability, and death benefits. Members hired before February 1, 2019 receive Tier 1 Benefits. A Tier 1 member is eligible for service retirement if they have completed 20 years of credited service and attained the age of 50. A member who retires under the service retirement provision will receive a monthly benefit equal to the sum of a) standard service benefit equal to 3 percent of the member's average monthly salary multiplied by the member's number of years of credited service not in excess of 20 years and b) an additional service benefit calculated as the sum of (i) the member's years of credited service in excess of 20 but not to exceed 21.5 years, multiplied by 3.0 percent of the member's average monthly salary and (ii) \$80.00 multiplied by the member's years of service credit in excess of 21.5. A Deferred Retirement Option Plan (DROP) is available to eligible members with 23 years of service and age 53.

All new hires will accrue benefits under a Tier 2 benefit structure. A Tier 2 member is eligible for service retirement if they have completed 20 years of credited service and attained the age of 53. Key provision of the approved Tier 2 benefit structure are listed below:

<u>Benefit</u>	<u>Tier 2</u>
Normal Retirement Age	53 / 20 years of service
AFC Period	5 years
Benefit Accrual Rate	2.75% per year
Maximum Accrual Rate	55% of AFC
Longevity Supplement	\$80/month after 20 years

Effective January 1, 2020, the definition of compensation excludes deployment pay and overtime hours in excess of 288 for purposed of determining the highest average salary.

Contributions

Texas Municipal Retirement System (TMRS) – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee total compensation, and the city matching percentages are either 1:1 (1 to 1); 1.5:1 (1 ½ to 1) or 2:1 (2 to 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 Abilene were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.97% and 10.67% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$6,960,209 and were equal to the required contributions.

Abilene Firemen's Relief and Retirement Fund (AFRRF) – The City's contribution rate for fiscal years 2021 and 2022 was 21.25% of each member's gross pay. Of this amount 1.75 percent of pay is dedicated to providing post-retirement benefit increase to inactive members, unless the contribution is needed in order to meet the funding requirements of the plan. Fund members contribution rate was 15.2% of gross pay for fiscal years 2021 and 2022. Employee contributions are "picked up" by the City, as permitted under Section 414(h)(2) of the Internal Revenue Code. For this reason, a members' contributions are excluded from taxable income when paid into the fund. The City's contributions to AFRRF for the year ended September 30, 2022 were \$3,758,585 and were equal to the required contribution.

Net Pension Liability

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability" (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plans.

Texas Municipal Retirement System (TMRS) - 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.

Abilene Firemen's Relief and Retirement Fund (AFRRF) – The City's Net Pension Liability (NPL) was measured as of September 30, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of October 1, 2021.

	Texas Municipal Retirement System	Abilene Firemen's Relief and Retirement Fund	Total
Measurement Date	December 31, 2021	September 30, 2022	
Total Pension Liability	\$ 337,557,402	\$ 127,368,380	\$ 464,925,782
Fiduciary Net Position	346,668,880	51,329,465	397,998,345
Net Pension Liability	<u>\$ (9,111,478)</u>	<u>\$ 76,038,915</u>	<u>\$ 66,927,437</u>

Actuarial Assumptions

Texas Municipal Retirement System

The Total Pension Liability 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
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Marl	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100%	

Abilene Firemen's Relief and Retirement Fund

The Total Pension Liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. Update procedures were used to roll forward the total pension liability from the actuarial valuation date to the pension plan's fiscal year-end.

Inflation	2.5% per year
Salary Increases	Service based
Discount Rate	7.5%
Investment Rate of Return	7.5%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equities	42.5%	7.50%
International Equities	17.5%	8.50%
Domestic Fixed Income	15.0%	2.50%
Private Fixed Income	2.5%	2.50%
Global Fixed Income	2.5%	3.50%
Private Real Estate	10.0%	4.50%
Infrastructure	5.0%	4.50%
GTAA	5.0%	3.50%
Total	100%	

Discount Rate

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

Abilene Firemen's Relief and Retirement Fund (AFRRF) – The discount rate used to measure the Total Pension Liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that City contributions will continue at the negotiated rate of 21.25% of payroll each year. Based on those assumptions, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan 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. For purposes of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 4.77% (based on the weekly rate closest to but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index); and the resulting single discount rate is 7.50%.

For more information concerning the City's Retirement Plans, see Appendix B, "Excerpts from the City's Annual Financial Report" - Note 10.

Supplemental Death Benefits Plan

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term insurance plan known as the Supplemental Death Benefits Fund (SDBF). This a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. 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). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500. The SBDF covers both active and retiree participants, with no segregation of assets, the SBDF is considered to be a single employer unfunded OPEB plan (i.e. no assets are accumulated).

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based upon 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.

For more information concerning the City's post-employment benefits, see the financial statements of the City, and the notes thereto.

FINANCIAL INFORMATION

TABLE 13 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2022 ⁽²⁾	2021	2020	2019	2018
Revenues:					
Taxes	\$ 99,053,218	\$ 90,942,097	\$ 86,560,171	\$ 81,818,316	\$ 79,113,365
Licenses and Permits	2,063,257	1,928,230	1,710,152	1,536,514	1,354,980
Fines and Forfeitures	1,044,143	984,914	1,119,330	1,419,364	1,489,137
Charges for Services	3,137,217	4,201,614	3,649,911	4,753,469	4,664,421
Intergovernmental Revenues	4,604,442	16,872,054	2,392,152	614,886	95,888
Assessments/Passenger Facility Charge	-	250	122	-	-
Interest and Miscellaneous	8,876,146	8,382,566	6,986,492	7,683,268	7,693,121
Total Revenues	\$ 118,778,423	\$ 123,311,725	\$ 102,418,330	\$ 97,825,817	\$ 94,410,912
Expenditures:					
General Government & Administration	\$ 15,688,660	\$ 5,387,712	\$ 5,558,400	\$ 5,059,377	\$ 4,861,003
Infrastructure & Development	9,593,282	-	-	-	-
Public Safety	60,080,122	-	-	-	-
Human Resources	-	1,922,493	1,806,687	1,647,939	1,600,024
Administrative Services	-	2,783,815	-	-	-
Finance	-	3,138,735	7,501,221	6,061,714	5,153,741
Planning and Development	-	2,439,041	2,375,946	2,304,474	2,130,233
Public Works	-	6,876,221	7,186,085	6,558,906	7,400,010
Facilities & Capital Improvement	-	-	-	2,994,503	3,178,690
Information Technology	-	1,767,898	2,148,756	-	-
Police	-	31,800,939	30,394,427	29,128,765	28,195,026
Fire	-	23,472,599	22,669,849	20,847,230	19,986,671
Transportation Services	-	2,238,819	2,008,041	1,990,577	2,120,644
Library	-	2,941,885	-	-	-
Community Services	17,756,179	11,573,040	12,118,518	12,852,938	11,931,636
Debt Service	155,000	-	-	-	-
Total Expenditures	\$ 103,273,243	\$ 96,343,197	\$ 93,767,930	\$ 89,446,423	\$ 86,557,678
Excess (Deficit) of Revenue over Expenditures	\$ 15,505,180	\$ 26,968,528	\$ 8,650,400	\$ 8,379,394	\$ 7,853,234
Other Financing Sources (Uses) ⁽¹⁾	(10,628,485)	(25,441,237)	(5,776,380)	(5,025,161)	(6,556,726)
Fund Balance at					
Beginning of Year	\$ 35,983,580	\$ 34,456,289	\$ 31,582,269	\$ 28,228,036	\$ 26,931,528
Fund Balance at End of Year	\$ 40,860,275	\$ 35,983,580	\$ 34,456,289	\$ 31,582,269	\$ 28,228,036

- (1) The City funded its CIP program with cash in the General Fund. It is the City's policy to maintain a General Fund balance equivalent to three months of operating costs of the general operating budget and any surplus is considered by the City Council to fund the City's CIP program.
- (2) Effective FY 2022, expenditures are being presented by program. The amounts for prior fiscal years have not been adjusted.

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TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues. State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6¼%). On August 12, 1989, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for economic development and an additional one-half of one percent (½ of 1%) for property tax reduction. Collection for the additional tax went into effect on January 1, 1990. The sales tax for economic development is collected solely for the benefit of the Development Corporation of Abilene, Inc., and may be pledged to secure payment of sales tax revenue bonds if issued by the Corporation in the future. No sales tax revenue has been pledged to secure payment of the Obligations.

Fiscal Year Ended 9/30	Total Collected ⁽¹⁾	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita ⁽²⁾
2019	\$ 35,193,024	73.67%	\$ 0.5528	\$ 283
2020	36,234,787	71.21%	0.5438	294
2021	39,550,277	75.16%	0.5695	320
2022	43,170,118	78.18%	0.5903	345
2023	14,755,373 ⁽³⁾	23.01%	0.1796	118

(1) Excludes collections of the 1/2 of 1% sales and use tax for economic development.

(2) See “Estimated Population” under “Table 3A - Valuation and General Obligation Debt History”.

(3) Partial year collections as of January 31, 2023.

FINANCIAL POLICIES

The City Council adopted the following Financial Policy on January 14, 2021.

General Policies

- (a) The City’s fiscal year shall begin October 1, and end September 30 of the following calendar year.
- (b) The City shall account for all revenue and expenditures on a budget basis, except in those instances where identified elsewhere in this policy.
- (c) The City shall adopt the budget on or before the 25th day in September of the previous budget year. Should the City Council fail to enact a budget within this time period, then the budget as submitted by the City Manager becomes the legally authorized budget.
- (d) The budget as adopted must set forth the appropriations for services, functions and activities of the various city departments and agencies, and shall meet all fund requirements provided by law and required by bond covenants.
- (e) The budget shall balance upon adoption and at year’s end. At the close of each fiscal year, any unencumbered appropriation balance shall lapse and revert to the unassigned fund balance, unless Council designates the balance for other purposes.
- (f) The City shall comply with all applicable federal, state and local requirements in the conduct of its financial affairs and shall conform to the practices set forth by the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP).

(g) The budget for all capital projects are legally adopted for specific projects using project length budgeting rather than fiscal year based budgeting. The unencumbered appropriated balance for capital projects does not lapse at fiscal year end, rather they lapse at the conclusion of the project. Unencumbered appropriated balances at the conclusion of a capital project are transferred to the Minor Improvement Fund, the Utility Capital Development Fund, or such other fund as may be specified by the City Council.

(h) Formal budgetary integration is not employed for the proprietary funds. The City adopts an annual budget as a financial plan for all proprietary funds. These budgets are used in a manner similar to commercial enterprises to determine whether their costs will be recovered or to estimate the amount of subsidy needed from the City, if costs are not meant to be recovered.

(i) The City shall strive to ensure that the taxpayers receive the full benefit of “qualified” tax-exempt debt issuances and do not subsidize the interest expense of other debt issuers using corporations created by the City on their behalf. Any differential in interest expense to the City between “qualified” and “non-qualified” tax exempt debt status that results from debt issued through corporations established by the City Council will be borne by those issuers of debt. The differential will be prorated among the issuers utilizing the corporations based on the amount of debt it issues to total debt issued by all corporation issuers during the calendar year. Any differential in the City’s cost shall be calculated by the City’s financial advisor based on market conditions on the date of the City sale of debt.

(j) The budget document shall contain a fund summary sheet(s) that lists all funds, their beginning and ending balances, the anticipated revenues and the appropriated expenses authorized for the fiscal year being appropriated. It being the intent of this requirement that the taxpayer may see all sources and uses of public funds in one section of the budget document.

Long range planning

The City of Abilene shall conduct an annual strategic planning session at the start of the budget process in the early spring. Council shall consider current strategic goals, the adoption of additional goals, the current financial condition of the City, and the impact that current and future operating and capital needs will have on the financial condition of the City for the upcoming fiscal year and four subsequent years thereafter.

Budget reserves and capital project funds

(a) The City shall strive to maintain an unassigned fund balance of twenty-five (25%) percent of General Fund expenditures. A fund balance of less than twenty (20%) percent is cause for concern.

(b) The City shall strive to maintain an unassigned fund balance of twenty-five (25%) percent of Utility Fund expenditures. A fund balance of less than twenty (20%) percent is cause for concern.

(c) The City shall contribute 5% of sales tax receipts to a “Minor Improvement Fund” for general government related capital project purposes. In order to achieve this requirement without impacting the ability to provide essential services, the City shall phase in the contribution over a three-year period. For FY 2022, the contribution shall be 1.66%, for FY 2023 the contribution shall increase an additional 1.67%, and for FY 2024 the contribution shall increase an additional 1.67%. In the event transferring 5% of sales tax receipts into the Minor Improvement Fund, creates a financial hardship, the Council will be notified and will be asked to provide direction on whether or not to make the required transfer.

(d) The City shall contribute 5% of utility sales to a “Utility Capital Development Fund” for expansion of the utility system to unserved, or underserved areas, and for other business activity related capital needs. In order to achieve this requirement without impacting the ability to provide essential services, the City shall phase in the contribution over a three-year period. For FY 2022, the contribution shall be 1.66%, for FY 2023 the contribution shall increase an additional 1.67%, and for FY 2024 the contribution shall increase an additional 1.67%. In the event transferring 5% of utility sales into the Utility Capital Development Fund, creates a financial hardship, the Council will be notified and will be asked to provide direction on whether or not to make the required transfer.

Capital Project Budgeting

(a) The City may consider the use of pay as you go financing by using the Minor Improvement Fund or Utility Capital Development Fund when prudent.

(b) The City shall schedule bond issues so that an equal principal amount is retired each year over the life of the issuance, thus producing a total debt service schedule with a declining balance each year. (This does not prohibit the issuance of new debt.)

Revenue Policies

Revenue diversification - The City shall seek ways to reduce its reliance on ad-valorem tax by pursuing and adopting alternative revenue streams as allowed by statute and entrepreneurial endeavors.

Fees and charges -

(a) The City shall review fee schedules every year through the budget process to ensure that all fees and service charges capture the revenue requirements set forth by the City Council.

(b) Fees and charges should recover direct costs and indirect costs. A cost of service study should be completed at least once every five years.

(c) The City will use the following methodologies to determine fees and charges:

(1) Full-cost and return on investment pricing — under most circumstances, enterprise services should be priced at full cost, including both direct and indirect costs associated with providing the service. A return on investment should also be considered.

(2) Partial-cost pricing — partial-cost pricing is the subsidy of a program or service with tax revenues and it is justified

(1) When some of the benefits from the service accrue to the whole community, or (2) the City wants to stimulate demand for the service, or (3) enforcement of full-cost pricing will result in widespread evasion of the fee or charge, or (4) the service is primarily used by low-income households. Council shall determine how much a service should be subsidized, will use the following table to determine the amount of subsidy.

For each question in the table below, if answered in the affirmative.

25 points are assigned. The total points for all questions equals the percent discount off full-cost pricing for the program or service.

Question	Weight
Does a substantial portion of the program or service benefit the whole community?	25
Does the City need to stimulate demand for the program or service?	25
Will full cost pricing cause widespread evasion of the program or service?	25
Is the program or service primarily used by low income households?	25
Percent discount off full-cost pricing	100%

Use of one-time revenues and other unpredictable revenues

The City shall use one-time revenues (gas and oil royalties, cash settlements. etc.) for non-recurring capital purchases. At no time may the funds be used for recurring costs (salaries, dues, etc.), except for cases of emergency, and as authorized by the City Council.

Expenditure Policies

Current expenditures paid with current revenues

The City shall fund current operating expenditures with current operating revenues, approved grants or through the use of fund balance if specifically authorized by the City Council.

Regular financial reporting required

The City Manager, or his or her designee, shall provide a report on the financial conditions of the City of Abilene to the City Council no less frequently than once per quarter.

Department Heads responsible for adherence to the adopted budget

Department Heads are charged with budgetary responsibility for managing the expenditures of their departments. Department heads are expected to manage total expenditures within the limits established by City Council during the budget process for that fiscal year. The department head shall notify the City Manager and Finance Director in writing as soon as possible when it is identified that total expenditures are expected to exceed the authorized limits of the adopted budget.

City Manager empowered to adjust allocations as necessary

The City Manager or his or her designee, is empowered to adjust budget allocations within departments, and from department to department, but is not authorized to increase total budget appropriations within a fund without prior Council approval. The City shall only expend funds, regardless of the funding source, if they have been appropriated for expenditure by the City Council.

Number of authorized positions established by the City Council

(a) The number of authorized full-time positions are established by the City Council during the annual budget process. Part time, seasonal or temporary positions are budgeted not by authorized positions, but by authorized total dollar amounts.

(b) The City Manager may employ the number of part time, seasonal or temporary employees necessary to perform the required work provided the City Manager does not exceed the total authorized dollar amount. Any increase of full-time positions above the City's authorized workforce must be approved by the City Council.

(c) The City Manager may reallocate authorized positions between departments, combine positions, or eliminate positions for the purpose of adding new positions or redistributing the workforce without Council approval, provided that the total authorized positions and the total appropriated funds do not exceed the levels approved by the City Council during the annual budget process, or as may otherwise be amended by the City Council.

Revenues collected in excess of revised budget.

Purpose

The purpose of this policy is to establish rules governing the use of revenues collected in excess of revised budget amounts for the General Fund in any given fiscal year.

Policy and Procedure

The City shall exercise sound, conservative principles and other recognized best practices when estimating revenues to be collected in any given fiscal year. It is recognized that the use of these principles have historically resulted in the collection of revenues in excess of budgeted amounts, and may continue to do so in the future. For any given fiscal year, it shall be the policy of the City Council of the City that the City shall collect and expense revenue in excess of amounts needed to balance expenditures as follows:

(a) Revenues to be set aside at annual audit

1. The annual audit shall identify revenue in excess of revised budget amounts.

2. Identified revenues shall be set aside in the Minor Improvement Fund for Council's consideration and expended in accordance with an adopted funding program.

(b) Funds to be spent in accordance with an adopted funding program

1. The City Council shall adopt a funding priority list as part of the annual budget process for the upcoming fiscal year. The funding program shall consider unfunded budget requests, additional resources for recurring operating expenses, one-time capital expenditures, dedication of resources for capital replacement funds or other internal service funds.

2. The City Manager shall inform the City Council of the auditor's findings and present a recommended funding program based on Council's adopted funding priority list within 30 days of receiving the final audit. The

City Manager may recommend a program that differs from the adopted Council funding priority list if, in the opinion of the City Manager, a business necessity exists.

3. The City Council may authorize the City Manager to expend revenue in excess of revised budget amounts, and in accordance with the City Manager's recommended funding program as amended and adopted by the City Council.

(c) Reserve requirement obligations

1. Nothing in this policy supersedes the City's obligation to maintain reserve requirements at their adopted levels.

INVESTMENTS

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

Under State law, the City is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints, in compliance with the PFIA, the institution in clause (9)(i)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and

the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the 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 is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value, and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City.

ADDITIONAL PROVISIONS . . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City 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 City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase

agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 15 - CURRENT INVESTMENTS

As of January 31, 2023, the City's investable funds were invested in the following categories:

Investment Type	Percent of Total Investments	Purchase Price	Fair Market Value ⁽¹⁾
Government Agency Investments	6.30%	\$ 11,985,460	\$ 11,793,390
Local Government Investment Pools	70.50%	134,059,921	134,059,921
Money Markets	2.56%	4,869,221	4,869,221
US Treasury Bills/Notes	20.63%	39,235,777	39,176,861
	100.00%	\$ 190,150,379	\$ 189,899,393

(1) All investments will mature within 37 months and the market value of the total investment portfolio was approximately 99.9% of its purchase price.

TAX MATTERS

OPINION... On the date of initial delivery of the Obligations, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the City, will render its respective opinions with respect to the Obligations that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Obligations for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Obligations will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds and Certificates. See Appendix C -- Forms of Bond Counsel's Opinions.

In rendering its opinions, Bond Counsel to the City will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Obligations and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Obligations to become includable in gross income retroactively to the date of issuance of the Obligations.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Obligations in order for interest on the Obligations to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Obligations to be included in gross income retroactively to the date of issuance of the Obligations, as applicable. The opinions of Bond Counsel are conditioned on compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Obligations.

Bond Counsel's opinions represent its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinions are not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Obligations.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Obligations or the projects financed with the proceeds of the Obligations. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Obligations, or as to whether the Internal Revenue Service would agree with the opinions of Bond Counsel. If

an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the holders of the Obligations may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT...The initial public offering price to be paid for one or more maturities of the Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the tax-exempt obligations may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Obligations"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the particular series of obligations less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

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

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

Prospective purchasers should be aware that because the first interest payment will be made more than one year after the issue date of the Bonds, the first payment may be treated as original issue discount. While such treatment of the payment will not adversely affect the excludability of the interest portion of the payment from a holder's gross income, special tax accounting treatment may apply. This tax accounting treatment would cause a portion of the interest payment to be recognized in the taxable year in which the Bonds are purchased, rather than the taxable year in which the payment is received by the holder. This treatment may accelerate the recognition of any portion of the payment which is treated as market discount and any other collateral federal income tax consequences for certain holders. Prospective purchasers should consult their tax advisors for advice regarding such consequences.

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

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES...The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Obligations. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Obligations may be includable in certain corporations' "adjusted financial statement income" determined section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

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

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

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

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

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

CONTINUING DISCLOSURE OF INFORMATION

In each of the Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of the respective series of Obligations. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Bonds or Certificates, as applicable. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB. 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 under Tables numbered 1 through 6 and 8 through 15 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 15 within six months after the end of each fiscal year ending in and after 2023. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2023. If the audit of such financial statements

is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the United States Securities and Exchange Commission (the “SEC”). The City will provide the updated information to the MSRB through the “EMMA” information system in accordance with Rule 15c2-12 (the “Rule”) promulgated by the SEC.

The City’s current fiscal year end is September 30. Accordingly, it must provide updated information included in Tables 1 through 6 and 8 through 15 by March 31 in each year, unless the City changes its fiscal year and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) by September 30 in each year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation 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 trustee or the change of name of a trustee, 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 any such 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 any such financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under “Annual Reports”.

For these purposes, any event described in (12) in 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. For the purposes of the above describe event notices (15) and (16), the term “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

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

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain specified 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 of the 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) a qualified 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 the 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 Certificates. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule. The City has taken steps to remedy an instance where its annual filing for fiscal year ending 2019 was not properly linked to one maturity of an outstanding series of obligations.

OTHER INFORMATION

RATINGS

The Obligations are rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by Fitch Ratings ("Fitch"). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price or marketability of the Obligations.

LITIGATION

It is the opinion of the City Attorney and City staff that there is no pending litigation against the City that, if decided adversely to the City, would have a material adverse financial impact upon the City or its operations.

CYBERSECURITY RISK MANAGEMENT

The City's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. While the City continually assesses and monitors its cybersecurity risks, the City has been (and may be in the future) subject to cyber-attacks from time to time. In response to such assessments and monitoring, the City takes actions it deems appropriate in response to cybersecurity risks, including, but not limited to, implementing cybersecurity training programs, obtaining technology improvements to mitigate cybersecurity risks, and taking other similar measures. To date, the City has not been the victim of any cyber-attack that has had a material adverse effect on its operations or financial condition. However, no assurance can be given that the City will fully prevent or successfully remediate the operational and/or financial impact of any cybersecurity incursions or incidents arising from events wholly or partially beyond the City's control, including electrical telecommunications outages, natural disasters or cyber-attacks initiated by criminal activities of individuals or organizations. Any such occurrence could materially and adversely affect the City's operations and/or financial condition.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations 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 provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Obligations are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Obligations be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with capital of at least one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

No representation is made that the Obligations will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Obligations for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Obligations for such purposes.

LEGAL MATTERS

The City will furnish complete transcripts of proceedings had incident to the authorization and issuance of each respective series of the Obligations, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bond and the Initial Certificate, and to the effect that the Bonds and Certificates, respectively, are valid and legally binding obligations of the City, and based upon examination of such transcripts of proceedings, the approving legal opinions of Bond Counsel with respect to each respective series of Obligations, to like effect and to the effect that the interest on the Obligations will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. Though it may represent the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Obligations, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Obligations. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "THE OBLIGATIONS" (exclusive of the last two sentences of the subcaption "Tax Rate Limitation" and the subcaptions "Book-Entry-Only System," "Obligationholders' Remedies" and "Sources and Uses of Proceeds"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Obligations for Sale," "Legal Opinions" (exclusive of the last sentence thereof) and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "OTHER INFORMATION" in the Official Statement and such firm is of the opinion that the information relating to the Obligations and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Obligations, such information conforms to the Ordinances. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas.

The 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 that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. HilltopSecurities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the

federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at a price equal to the initial offering prices to the public shown on page 2 of this Official Statement, less an underwriting discount of \$ _____. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased.

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City, at a price equal to the initial offering prices to the public shown on page 4 of this Official Statement, less an underwriting discount of \$ _____. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased.

The Obligations to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Obligations, and such public offering prices may be changed, from time to time, by the Underwriters.

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

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and 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. Reference is made to original 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 will authorize its further use in the reoffering of the Obligations by the Underwriters.

Mayor
City of Abilene, Texas

ATTEST:

City Secretary
City of Abilene, Texas

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

The City of Abilene, County Seat of Taylor County, Texas, is primarily located in northern Taylor County with a small portion of the City located in Jones County to the north. Located 150 miles west of Fort Worth and 180 miles west of Dallas, Abilene is the economic, medical, educational and cultural center of this West Central Texas area.

POPULATION

	City of Abilene ⁽¹⁾	Taylor County ⁽²⁾
1920 Census	10,274	24,081
1930 Census	23,175	41,023
1940 Census	26,612	44,147
1950 Census	45,570	63,370
1960 Census	90,368	101,078
1970 Census	89,653	97,853
1980 Census	98,315	110,932
1990 Census	106,707	119,655
2000 Census	115,930	126,555
2010 Census	117,179	127,683
2019 Estimated	124,557	136,290
2022 Estimated	125,070	143,326

(1) With the exception of U.S. Census figures, population estimates are provided by the City of Abilene, Texas.

(2) With the exception of U.S. Census figures, population estimates are provided by Taylor County, Texas.

BUSINESS AND INDUSTRY

Manufacturing plants in Abilene and its immediate vicinity produce such products as oilfield manufacturing, pet foods, food packaging products, structural steel products, soft drinks and soft drink containers, bakery products, vegetable oil products, poultry and livestock feeds, tire retreading products, sprockets and gears, pressure vessels, and ski boats.

LABOR FORCE ESTIMATES

	Annual Averages				
	2023 ⁽¹⁾	2022	2021	2020	2019
Abilene					
Civilian Labor Force	59,896	58,743	79,027	77,865	78,777
Total Employment	57,407	56,713	75,472	73,531	76,424
Unemployment	2,489	2,030	3,555	4,334	2,353
Percent Unemployment	4.2%	3.5%	4.5%	5.6%	3.0%
Taylor County					
Civilian Labor Force	70,203	68,871	65,165	66,148	65,341
Total Employment	67,388	66,574	62,246	62,540	63,379
Unemployment	2,815	2,297	2,919	3,608	1,962
Percent Unemployment	4.0%	3.3%	4.5%	5.5%	3.0%
State of Texas					
Civilian Labor Force	14,962,132	14,662,558	14,220,446	13,983,319	14,027,575
Total Employment	14,312,061	14,092,833	13,413,036	12,915,337	13,528,932
Unemployment	650,071	569,725	807,410	1,067,982	498,643
Percent Unemployment	4.3%	3.9%	5.7%	7.6%	3.6%

Source: Texas Workforce Commission; subject to revision.

(1) Data through February 2023.

ECONOMIC INDICES, CITY OF ABILENE

Calendar Year	Building Permits	Water Utility Connections
2019	\$ 232,479,254	41,563
2020	269,586,252	41,394
2021	786,754,102	41,828
2022	344,221,553	42,763
2023 ⁽¹⁾	9,445,553	43,056

Source: The City.

(1) Figures as of February 24, 2023.

CITY OF ABILENE BUILDING PERMITS BY CLASSIFICATION

Year	Residential (Single-Family)		Business	Schools	Miscellaneous,	Total
	Number of Units	Value	Industrial and Apartments	and Churches	Alterations and Repairs	
2019	352	\$ 89,663,053	\$ 78,035,374	\$ 36,000,000	\$ 28,780,827	\$ 232,479,254
2020	356	N/A	(2) 136,010,683	88,490,554	45,085,015	269,586,252
2021	559	N/A	(2) 619,829,111	11,270,000	155,654,991	786,754,102
2022	452	N/A	(2) 271,645,382	9,529,180	63,046,991	344,221,553
2023 ⁽¹⁾	40	N/A	(2) 1,150,000	-	8,295,553	9,445,553

(1) Figures as of February 24, 2023.

(2) As a result of HB 852 residential valuations are no longer obtained.

TOP 25 EMPLOYERS

Company	Type of Business	Estimated Employees
Dyess Air Force Base	Air Force Base	8,864
Hendrick Health System	Hospital	4,032
Abilene Independent School District	Public School	2,450
Abilene Christian University	Private University	1,900
City of Abilene	City	1,300
State Supported Living Center	Mental Health	1,225
Texas Department of Criminal Justice	Prisons	1,187
BlueCross BlueShield of Texas	Health Insurance Call Center	1,061
Taylor County	County	560
First Financial Bank	Banking and Financial Services	540
Eagle Aviation Services	Aviation Mechanic	470
Hardin-Simmons University	Private University	424

Source: Abilene Industrial Foundation

INDUSTRIAL/COMMERCIAL DEVELOPMENT

In 1989, the City set a precedent for the rest of Texas when Abilenians voted to become the first community to adopt a half-cent sales tax devoted specifically to economic development. Because of new life in retail trade and industrial expansion, Abilene's economic development sales tax collections have grown from just under \$4 million in 1990 to \$14.4 million in FY 2022.

Abilene has been receptive to the changes that were necessary to pull out of the slump caused by the economic downturn of the 1980's. The direction became to continue targeting better jobs that will further stabilize and enhance Abilene's economy while improving the quality of life for its citizens. A hard lesson was learned when several of the city's major employers, like Lockheed Martin, Texas Instruments and US Brass pulled up stakes and left town. Today, any viable community must support many smaller companies to provide a stable employment and property tax base.

Thirty years ago, City Council authorized the creation of the Development Corporation of Abilene, Inc. (DCOA) pursuant to the Development Corporation Act of 1979 (Texas Civil Statutes Article 5190.6), hereinafter referred to as the "Act". The Act allows municipalities to create a nonprofit corporation that will promote the creation of new and expanded industry and manufacturing activity within the municipality and its vicinity. The DCOA is a five-member board appointed by the Mayor and operates separately from the City of Abilene as a nonprofit with its own federal tax identification number.

DCOA Promotes growth and development in Abilene's industrial, commercial and educational sectors with the goal to further diversify the economy. The DCOA utilizes many assets to increase capital investment and grow primary jobs. Two business parks: Five Points Business Park in West Abilene and Access Business Park East Abilene are among these assets:

- The Five Points Business Park is located on I-20 with rail service available, enhanced water pressure, fiber optics supported telecom, electrical capability and streetlights, and boasts such tenants as Texas Department of Transportation, Texas Healthcare Linen, Atmos Energy, Broadwind Towers, Pactiv Industries, Primal Pet Group, Amazon, Hartmann's Inc., Bavarian Polymers, and FedEx. The Park has about 422 acres available for new development.
- The Access Business Park is designed for high-end, upper-business class industrial development due to its location directly across from the Abilene Regional Airport and access to major highways. Great Lakes Cheese, a packaging and distribution facility, serves as the Park's anchor. The Park has about 45 acres available with additional acreage located nearby.

The City recently created the Abilene Convention Center Hotel Development Corporation (the "ACCHDC") as a public, nonprofit corporation in accordance with Subchapter D of Chapter 431, Texas Transportation Code, for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City, including aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote and accomplish the development of the geographic area of the City included at or in the vicinity of the Abilene Convention Center. The City and the ACCHDC are in the process of constructing a downtown convention center hotel with an expected opening in the summer of 2023.

AGRICULTURE

Abilene is the center of a well-developed agricultural area. The major source of agricultural income is production and marketing of livestock. Principal crops are grain sorghums, wheat and cotton.

MINERAL PRODUCTION

Oil and natural gas are produced in an 18 county area surrounding Abilene.

**Taylor County Statewide Onshore Oil & Gas Production
Annual Totals, 2019 - 2023**

Date	Oil (BBL)	Casinghead (MCF)	GW Gas (MCF)
2019	352,008	150,150	14,195
2020	348,083	163,017	13,676
2021	330,399	145,385	12,275
2022	303,948	101,022	10,653
2023 ⁽¹⁾	12,019	5	956

Source: Texas Railroad Commission.

(1) Data through January 31, 2023.

HIGHER EDUCATION - UNIVERSITIES AND COLLEGES

Abilene is home of three co-educational, liberal arts universities, and has extension campuses for Cisco Junior College and Texas State Technical College. Abilene Christian University, established in 1906, is closely affiliated with the Church of Christ and has an estimated enrollment of 4,460. The University is located on a campus of 208 acres, with an additional 500 acre experimental farm.

Hardin-Simmons University, originally established as Abilene Baptist College in 1891, is a coeducational, liberal arts university; the University is a church-related institution affiliated with the Baptist General Convention of Texas with estimated enrollment of over 2,200 each semester.

McMurry University is a coeducational, liberal arts college founded in 1923 by the Northwest Texas Conference of the Methodist Church and is now jointly owned and operated by the Northwest Texas and New Mexico Conferences of the United Methodist Church. The University enrolls an estimated 1,200 students each semester.

The Abilene Educational Center of Cisco Junior College, a State funded off-campus center of Cisco College District, Cisco, Texas, offers core academic programs at the junior college level leading to an associate degree and vocational-technical courses and maintains enrollment of approximately 2,800.

Texas State Technical College - Abilene Center is a State funded branch of the Texas State Technical College's Sweetwater, Texas, main campus. The college offers occupationally oriented programs in technical and vocational areas such as machining, automated office skills, electronics servicing, information management skills, drafting and design technology and others. Estimated enrollment per semester is 1,200.

The Anita Thigpen Perry Texas Tech School of Nursing and the Texas Tech School of Pharmacy have recently been located in the City as branches of the Texas Tech University Health Sciences Center and has an estimated enrollment of 560.

OTHER EDUCATIONAL INFORMATION

Abilene Independent School District, which includes approximately 90% of the City of Abilene, has a current enrollment of 15,680 and approximately 1,900 employees including professional and other personnel.

GOVERNMENT AND MILITARY

Abilene is the location of more than 50 State and Federal offices and facilities including Dyess Air Force Base.

DYESS AIR FORCE BASE... Located in and adjacent to Abilene, is a 6,430 acre permanent base of the Air Combat Command. There are an estimated 5,400 military & civilian personnel at the base. Dyess is the home base for the 7th Wing of the Air Combat Command and the home base of the 317th Airlift Group. The Wing flies the B-1 bomber and the C-130. Annual economic impact on Abilene is in excess of \$532 million. As the primary training base for the B-1 bomber, Dyess was not affected by the base closure program of the Department of Defense.

STATE PRISON... The Texas Department of Criminal Justice operates a maximum security State prison in Abilene. Designated the French Robertson Unit - Abilene, the prison, located in north Abilene on a 314 acre site donated by the City, opened in November, 1992. The prison has four 432-bed housing groups clustered around a central support core of administration, medical, education, laundry and food service facilities. A garment factory provides approximately 270 inmate jobs and produces inmate uniforms for State prison system use. The Unit has 2,746 inmates (max capacity at 2,984) and has an estimated 1,190 employees with an annual payroll in excess of \$21 million. The City of Abilene provides water, sewer and sanitation services for the Unit at regular City commercial rates.

STATE TRANSFER FACILITY... The Texas Department of Criminal Justice operates a 2,128 inmate capacity transfer center on a site immediately east of the Robertson Unit. Designated the John W. Middleton Unit - Abilene, this transfer facility is designed to alleviate overcrowding of Texas county jails and serves as temporary housing for State inmates being processed into State prisons; inmates may be housed at a State transfer facility for not over 12 months before being moved to a State prison. The facility has an estimated 527 employees with 378 employees utilized for security. The City of Abilene provides water, sewer and sanitation services for the facility at regular City commercial rates.

HOSPITALS AND MEDICAL CARE

Hendrick Health System operates two major medical centers with a total of 850 licensed beds. They also operate an accredited nursing school and are the health services provider to the two State Department of Criminal Justice Units in Abilene.

Abilene has over 250 practicing physicians and surgeons (M.D.) and over 57 dentists. A radiology center for the treatment of malignant diseases is located in the City. West Texas Rehabilitation Center, a non-profit organization offering diagnostic, neurological and rehabilitation services to the handicapped, is located in Abilene.

RECREATION AND ENTERTAINMENT

The City of Abilene has numerous developed parks and six Golf Courses. The City of Abilene Convention Center and Taylor County Coliseum provide areas for community events, concerts, conventions, fairs and livestock shows. Also available to residents are Abilene Christian University, Hardin-Simmons University and McMurry University programs and events, the Morgan Jones Planetarium (owned and operated by the Abilene Independent School District), Abilene Symphony Orchestra, Abilene Community Theatre, Museums of Abilene, the Paramount Theater, City of Abilene Zoo, City of Abilene Library, the annual West Texas Fair and sporting events. Additionally available to residents and tourists is Frontier Texas!, The Grace Museum (Art Museum, History Museum, and Children's Museum), National Center for Children's Illustrated Literature (NCCIL), The Center for Contemporary Arts, Elks Arts Center, 12th Armored Division Memorial Museum, Dyess Air Force Base, Buffalo Gap Historical Village, Abilene State Park, Abilene Skate Park, Abilene Speedway, Abilene Ballet Theatre, Abilene Opera Association, Abilene Classical Chorus and Classical Youth Chorus, Texas Forts and Trail Visitor Center, Fort Phantom Hill, and Prime Time Entertainment (includes laser tag, miniature golf, electric go-carts, bumper cars, climbing wall, bowling lanes, arcade, and a coffee bar).

Abilene State Park, located 19 miles southwest of Abilene, contains 621 acres. Maintained and operated by the State of Texas, the park provides recreational and camping facilities.

CHURCHES

Abilene has over 100 churches representing all major denominations.

MEDIA

One daily newspaper.

Television and Radio - 4 network channels; cable provides multi-channel access including the Public Broadcasting System. There are several AM and FM radio stations.

UTILITY SERVICES

Water and Sewer - City of Abilene.
Electric – AEP Texas or alternatives.
Natural Gas – Atmos Energy

TRANSPORTATION

Abilene and Taylor County have a highway system which includes U.S. Interstate Highway 20, three U.S. highways, two State highways and a network of paved farm-to-market roads.

Rail transportation is furnished by the Union Pacific Railroad and the Southern Switching Company.

Airline transportation is furnished at Abilene Regional Airport with non-stop service provided primarily by Envoy (formerly known as American Eagle). Passenger enplanements for 2022 were 76,000. Airport facilities include a recently remodeled terminal, two lighted runways of 7,200' each suitable for jet aircraft and a 3,685' crosswind runway, complete taxiway system, a FAA control tower and instrument landing system and extensive general aviation services. Other major airport tenants include: Abilene Aero, which provides full service fixed base operator services including aircraft fueling and maintenance. Texas State Technical College utilizes a renovated 34,000 square foot hangar at the Airport for teaching aviation maintenance technology and flight instruction. Eagle Aviation Services, Inc., a subsidiary of American Eagle, operates a major aircraft maintenance facility at the Airport. The City continues to make improvements to the airport to meet the demands of its growth.

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APPENDIX B

EXCERPTS FROM THE

CITY OF ABILENE, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2022

The information contained in this Appendix consists of excerpts from the City of Abilene, Texas Annual Financial Report for the Year Ended September 30, 2022, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Abilene, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Abilene, Texas (City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Abilene Firemen's Relief and Retirement Fund, a fiduciary component unit of the City, which represent approximately 42 percent of the total assets, 49 percent of fund balance/net position and negative 6 percent of the total revenues/additions of the aggregate remaining fund information of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the aggregate remaining fund information, insofar as it relates to the amounts included for the Abilene Firemen's Relief and Retirement Fund is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Abilene Convention Center Hotel Development Corporation, a discretely presented component unit of the City, and the Abilene Firemen's Relief and Retirement Fund, a fiduciary component unit of the City, were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matters

As discussed in *Notes 1 and 9* to the financial statements, in fiscal year 2022 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. As discussed in *Note 20* to the financial statements, on October 1, 2021, the City began reporting the Airport Fund as a business-type activity.

As discussed in *Note 17* to the financial statements, in fiscal year 2022, Abilene Convention Center Hotel Development Corporation, a component unit of the City, restated beginning net position for an error correction.

Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of state awards as required by the *Texas Grant Management Standards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, and schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections and the SEC disclosures but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

FORVIS, LLP

**Dallas, Texas
March 24, 2023**

MANAGEMENT'S DISCUSSION AND ANALYSIS





CITY OF ABILENE, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF SEPTEMBER 30, 2022

As management of the City of Abilene, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page I-3 of this report.

FINANCIAL HIGHLIGHTS

On a government-wide basis the City's restated net position increased by \$44 million or 9% as a result of operations. This increase was made up of an increase in governmental activities net position of almost \$26 million or 17% and an increase in our business-type activities net position of almost \$18 million or 6%. Additionally, total assets increased \$87 million or 9%, deferred outflows of resources increased \$8 million, liabilities increased \$41 million or 9%, and deferred inflows of resources increased \$10 million.

The City's total revenues decreased by \$2 million or less than 1% which is the combined result of a \$12 million decrease in governmental activities and \$10 million increase in business-type activities revenue. In fiscal year 2022, Airport operations were moved from the governmental activities to business-type activities.

Total expenses of all City programs increased by \$10 million or 5%, which is primarily attributed to a decrease in governmental activities expenses of \$3 million and a \$13 million increase in business-type activities.

The General Fund's revenues exceeded expenditures by \$16 million reduced by net transfers and issuance of debt for lease financing of (\$11) million, resulting in a net increase to fund balance of \$5 million or 14%.

On a budgetary-basis, the City's General Fund revenues exceeded budget by \$7 million or 6% and total expenditures were below budgeted amounts by \$2 million or 2%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements - The government-wide financial statements are composed of the Statement of Net Position and Statement of Activities. These statements are designed to provide information about the activities of the City as a whole and present a longer-term view of the City's finances. These statements include all assets and liabilities using the accrual basis of accounting which is similar to private-sector businesses. All of the current year's revenues and expenses are included regardless of when cash is received or paid. The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities presents information showing how the City's net position changed during the fiscal year.

Both of the government-wide financial statements are divided into three kinds of activities:

Governmental activities – The City's basic services that are financed by property, sales and franchise taxes as well as state and federal grants are reported here. The governmental activities of the City include general services and administration, infrastructure and development, public safety, and community services.

Business-type activities – Fees charged to customers provide the majority of support for these type of activities. The business-type activities of the City include water and sewer services, airport, solid waste services, stormwater services, and transit operations.

Component units – This section includes entities that the City is financially accountable for even though they are legally separate. The City includes the Development Corporation of Abilene and Abilene Convention Center Hotel Development Corporation in this section.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements – The fund financial statements provide detailed information about the most significant funds of the City, and are not representative of the City as a whole. Some funds are required to be established by law and by bond covenants. Other funds are established to maintain control and manage money for particular purposes or to show that it is meeting legal responsibilities. The City maintains three kinds of funds:

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City - these services are generally reported in proprietary funds.

Enterprise funds (a component of proprietary funds) are funds where the City charges customers for the services it provides. The enterprise funds are the same (with adjustment for internal service fund transactions) as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Internal Service funds (another component of proprietary funds) are funds where the City charges other departments for services on a cost reimbursement basis. These funds utilize the accrual basis of accounting. In the government-wide financial statements the assets and liabilities have been included with either the governmental activities or the business activities section with interfund transactions eliminated. In addition, any gain or loss is allocated back to the fund considered the user. The reporting in the government wide financial statements is similar to a consolidation in the private sector. The City's Fleet Services, Self-Insurance, and Technology Funds are consolidated with the governmental activities section.

Fiduciary Funds - The City acts as the trustee, or fiduciary, for certain funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes and cannot use them to finance its operations. These funds are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

The fund financial statements can be found on pages 22-32.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-73.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules. The City of Abilene adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 75-83 of this report.

Combining and individual statements are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 85-130 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For 2022, the total primary government's net position was \$514 million, an increase of \$44 million over 2021. However, the largest portion of the City's net position is the net investment in capital assets (land, building, equipment and infrastructure), which is \$431 million. The net capital assets are not highly liquid; therefore they are not considered future available resources. An additional \$23 million of net position is subject to external restrictions on how the money is to be used. The remaining portion of net position of \$61 million may be used to meet the government's future obligations.

The analysis below focuses on the net position and changes in net position of the City's governmental and business-type activities.

CITY OF ABILENE'S NET POSITION (in thousands)

	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total Primary Government 2022	Total Primary Government 2021
Current and other assets	\$167,820	\$143,340	\$109,514	\$81,267	\$277,334	\$224,607
Capital assets & RTU assets	271,965	322,800	474,621	389,361	746,586	712,161
Total Assets	<u>439,785</u>	<u>466,140</u>	<u>584,135</u>	<u>470,628</u>	<u>1,023,920</u>	<u>936,768</u>
Deferred outflow s of resource	18,681	10,805	6,850	7,086	25,531	17,891
Other liabilities	19,060	13,266	7,779	6,164	26,839	19,430
Noncurrent liabilities	238,594	216,712	244,913	232,878	483,507	449,590
Total Liabilities	<u>257,654</u>	<u>229,978</u>	<u>252,692</u>	<u>239,042</u>	<u>510,346</u>	<u>469,020</u>
Deferred inflow s of resources	20,036	13,326	4,602	1,753	24,638	15,079
Net Position:						
Net investment in						
capital assets	161,967	217,431	268,634	185,340	430,601	402,771
Restricted	15,802	9,687	6,792	1,734	22,594	11,421
Unrestricted	3,007	6,523	58,265	49,845	61,272	56,368
Total Net Position	<u>\$180,776</u>	<u>\$233,641</u>	<u>\$333,691</u>	<u>\$236,919</u>	<u>\$514,467</u>	<u>\$470,560</u>

Governmental activities total assets decreased by \$26 million. The decrease in total assets is primarily attributable to the movement of the Airport fund from a governmental activity to a business-type activity in fiscal year 2022. The movement resulted in \$79 million of net capital assets being removed from governmental activities. After considering the impact of the Airport, capital assets increased by a net \$28 million which is discussed later in the MD&A. Cash, cash equivalents, and investments increased by \$17 million primarily from the issuance of \$20 million of additional certificates of obligation. Finally, the TMRS pension fund reflected a \$7 million net pension asset at the end of fiscal year 2022. In previous years, the pension fund had a net pension liability.

Governmental activities total liabilities increased by \$28 million. The increase in total liabilities is primarily the result of the issuance of \$20 million of certificates of obligation to finance street improvements as well as the advance of \$6 million from the American Rescue Plan Act grant.

Deferred outflows of resources increased by \$8 million while deferred inflows of resources increased by \$7 million due to changes in the net pension liability resulting from differences in projected and actual investment earnings. See pages 56-61 for information on the City's pension plans.

Governmental activities net position decreased by \$53 million. Net investment in capital assets decreased by \$55 million primarily due to the movement of the Airport from governmental activities to business-type activities, the increase in net capital assets offset by the new certificates of obligation.

Business-type activities total assets increased by \$114 million. This increase is attributable to the movement of the Airport from governmental activities to business-type activities as previously noted, and the increase of cash, cash equivalents, and investments from the issuance of \$23 million of certificates of obligation for water utility projects.

Business-type activities total liabilities increased by \$14 million. This increase is primarily the result of the \$23 million of additional certificates of obligation offset by current year debt retirements. Deferred outflow of resources decreased \$.2 million and deferred inflow of resources increased \$3 million due to changes in the net pension liability resulting from plan contributions made after the actuarial measurement date and differences in projected and actual investment earnings. Business-type activities net position increased by \$97 million. Net investment in capital assets increased by \$83 million, restricted net position increased by \$5 million, and unrestricted net position increased by \$8 million. The net increase in total net position can be attributed to the transfer of the Airport from governmental activities to business-type activities and surplus revenues from operations in the Water and Sewer Fund and Airport Fund.

Changes in Net Position

During fiscal year 2022, the total restated net position of the City increased by \$44 million, Governmental activities restated net position increased by \$26 million while Business-type activities restated net position increased by \$18 million. The following table summarizes the changes in net position:

CITY OF ABILENE'S CHANGES IN NET POSITION (in thousands)

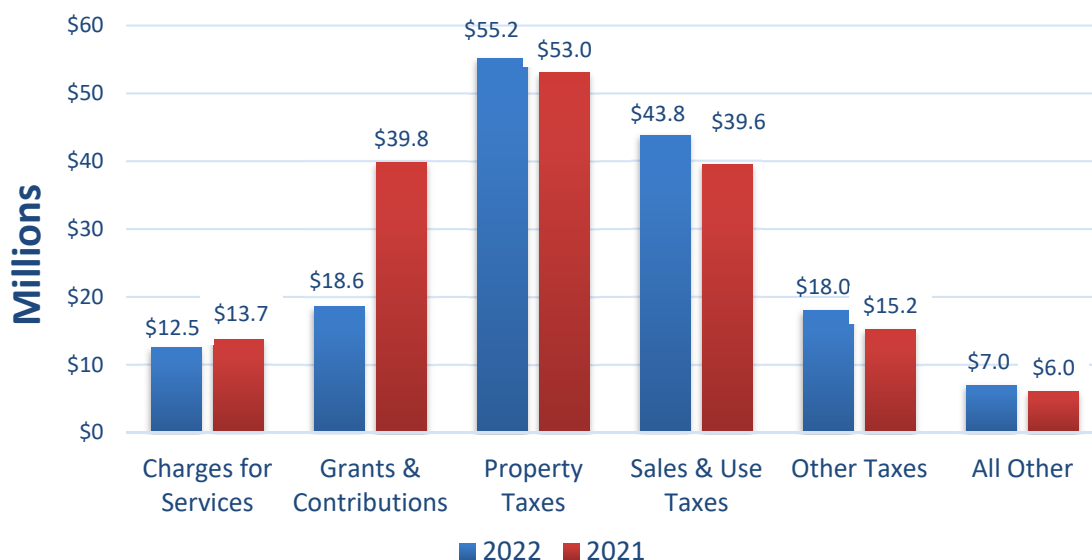
	Governmental Activities 2022	Governmental Activities 2021	Business- Type Activities 2022	Business- Type Activities 2021	Total Primary Government 2022	Total Primary Government 2021
Revenues:						
Program Revenues -						
Charges for services	\$12,486	\$13,654	\$90,745	\$79,046	\$103,231	\$92,700
Operating grants and contributions	10,191	25,591	4,512	3,476	14,703	29,067
Capital grants and contributions	8,372	14,227	6,539	9,929	14,911	24,156
General Revenues -						
Property taxes	55,201	53,046	-	-	55,201	53,046
Sales and use taxes	43,832	39,550	-	-	43,832	39,550
Franchise fees	9,651	7,784	-	-	9,651	7,784
Miscellaneous taxes	8,372	7,407	-	-	8,372	7,407
Investment earnings	763	63	408	37	1,171	100
Miscellaneous	6,253	5,957	1,259	442	7,512	6,399
Gain on sale / retirement of capital assets	1	10	337	387	338	397
Total Revenues	155,122	167,289	103,800	93,317	258,922	260,606
Expenses:						
General Services and administration	\$19,662	\$20,774	-	-	\$19,662	\$20,774
Infrastructure & development	18,752	19,263	-	-	18,752	19,263
Public Safety	67,969	63,221	-	-	67,969	63,221
Community Services	17,738	23,621	-	-	17,738	23,621
Interest on long term debt	4,658	4,647	-	-	4,658	4,647
Water and Sewer	-	-	57,538	53,455	57,538	53,455
Airport	-	-	6,560	-	6,560	-
Solid Waste Services	-	-	13,999	12,905	13,999	12,905
Transit Services	-	-	5,612	4,950	5,612	4,950
Stormwater Services	-	-	2,526	2,392	2,526	2,392
Total Expenses	128,779	131,526	86,235	73,702	215,014	205,228
Increases in net position before transfers	26,343	35,763	17,565	19,615	43,908	55,378
Transfers	(391)	1,890	391	(1,890)	-	-
Increase in net position	25,952	37,653	17,956	17,725	43,908	55,378
Net position - October 1	233,640	195,987	236,919	219,194	470,559	415,181
Transfer governmental activities into business activities	(78,816)	-	78,816	-	-	-
Net position - October 1, as restated	154,824	195,987	315,735	219,194	470,559	415,181
Net position - September 30	\$180,776	\$233,640	\$333,691	\$236,919	\$514,467	\$470,559

Governmental Activities – Program Revenues and Expenses:

Governmental activities total revenues, both program and general, decreased by \$12 million, or 7%. The key factors for this change from fiscal year 2021 to 2022 are as follows:

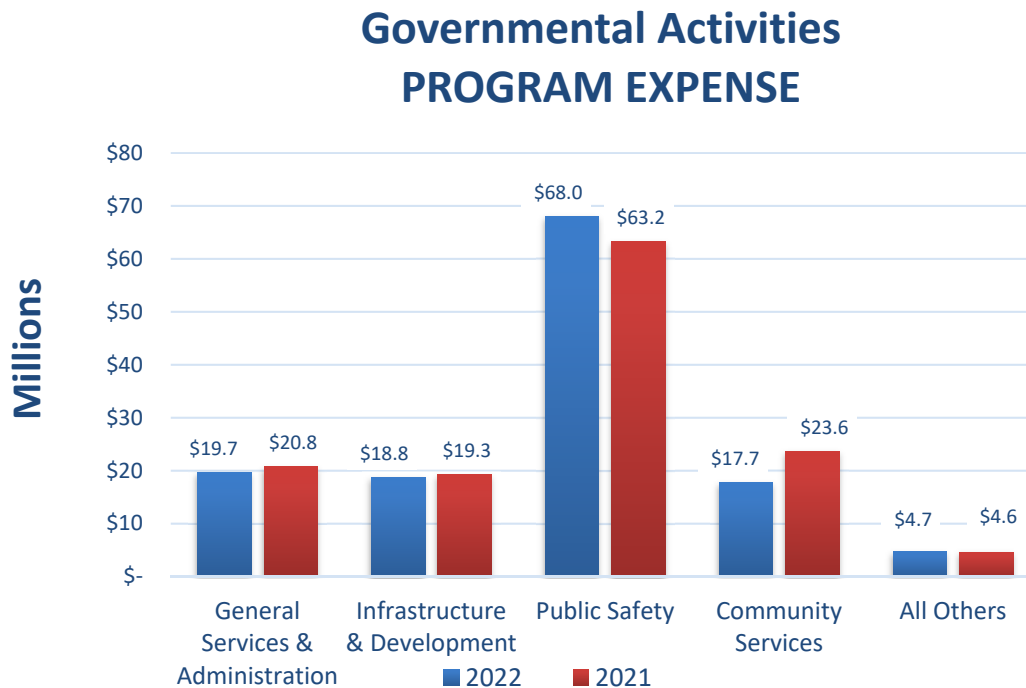
- The City's property net taxable values increased for 2022 by \$364 million or 5%. The tax rate to finance general governmental services from 2021 remained at .6069 per \$100 of assessed value for 2022. The tax rate to finance the payment of long-term debt decreased from \$.1858 per \$100 of assessed value to \$.1832 in 2022. The combined tax rate decreased from \$.7877 per \$100 of assessed value in 2021 to \$.7851 per \$100 in 2022. The total effect of the increase in taxable value was an overall increase of \$2 million in property taxes collected.
- The City's sales and use taxes increased by \$4 million or 11% due to higher inflation and an improving economy.
- Miscellaneous taxes increased by \$3 million or 19% due to an increase in franchise and hotel occupancy taxes due to improving economic conditions.
- Charges for service decreased \$1 million or 9% due to the movement of the Airport from governmental activities to business-type activities.
- Operating grants decreased by \$15 million or 60% primarily due to funding in fiscal year 2021 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA).
- Capital grants decreased by \$6 million primarily due to private donations received in fiscal year 2021 of \$7 million for the downtown hotel convention center project.
- Investment earnings increased by \$.7 million due to a higher interest rate environment.

Governmental Activities REVENUES BY SOURCE



Governmental activities total expenses decreased by \$3 million or 2%. The key factors for this decrease are explained below:

- Increases in Police & Fire salary structure increased Public Safety by \$4 million.
- The movement of the Airport from governmental activities to business-type activities reduced Community Services by \$6 million.

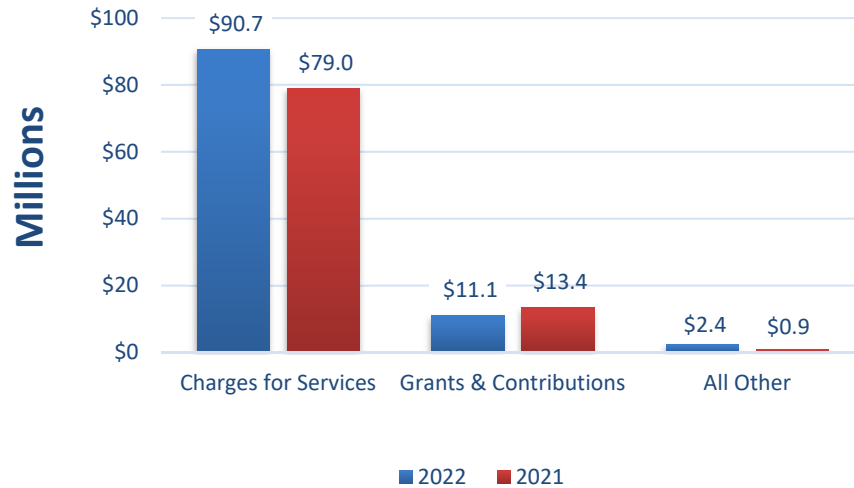


Business-type Activities - Program Revenues and Expenses:

Business-type activities revenues, both program and general, increased by \$10 million or 11%. The key factors for this are explained as follows:

- Water and Sewer charges for service increased by almost \$8 million due to a rate increase
- Movement of the Airport to business-type activities increased charges for services by \$2 million.
- Solid Waste charges for service increased by almost \$2 million due to both rate and service area increases.
- Capital grants and contributions decreased by \$3 million due to an \$8 million decrease in Water & Sewer capital contributions offset by a \$4 million increase in Airport capital grants due to the transfer from governmental activities to business-type activities.

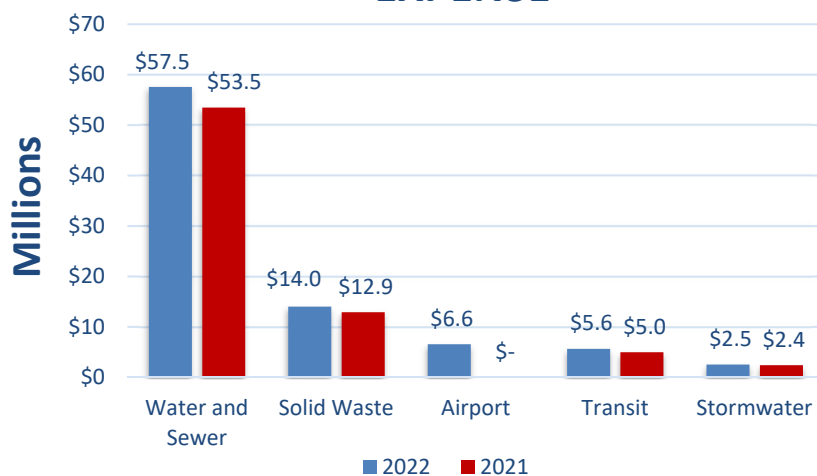
Business-Type Activities REVENUES BY SOURCE



Business-type activities expenses increased by \$13 million or 17%.

- The Water and Sewer System expenses increased by \$4 million due to an increase in chemical supplies, wholesale water costs and franchise taxes.
- Solid Waste Services expenses increased by \$1 million or 8% due to higher fuel and equipment replacement charges.
- The Airport was reflected as a governmental activity in 2021 and was moved to business-type activities in 2022 with expenses totaling \$7 million.

Business-Type Activities EXPENSE



FUND FINANCIAL STATEMENTS

The City's fund financial statements beginning on page 22 show a combined fund balance in governmental funds of \$119 million, which is a \$13 million increase from 2021. Fund balances are considered Nonspendable, Restricted, Committed, Assigned, or Unassigned. Nonspendable fund balances are not in a spendable form such as inventory or prepaid items. Restricted fund balances are required to be spent for specific purposes as set by the providers of the funds, through constitutional provisions, or by enabling legislation. Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. Assigned fund balances represent funds that have been designated internally for specific purposes. Finally, Unassigned fund balances are amounts that are available for any purpose. Of the \$119 million combined fund balance, \$80 thousand is Nonspendable, \$38 million is Restricted, \$4 million is Committed, \$37 million is Assigned and \$40 million is Unassigned.

The increase in total fund balance of \$13 million differs from the \$26 million decrease in governmental activities net position in the government wide financial statements. The differences between these two statements are reflected in the reconciliation presented on page 25. The primary differences are in the manner that capital assets, debt, and certain accruals are recorded between the two statements.

The following table summarizes the changes in fund balance for Governmental Funds:

CITY OF ABILENE'S CHANGES IN FUND BALANCE (in thousands)

	General Fund 2022	General Fund 2021	Capital Project Fund 2022	Capital Project Fund 2021	Nonmajor Governmental 2022	Nonmajor Governmental 2021	Total Governmental 2022	Total Governmental 2021
Revenues:								
Taxes	\$99,053	\$90,942			\$17,950	\$16,836	\$117,003	\$107,778
Intergovernmental	4,604	16,872	\$52	\$1,119	5,246	7,660	\$9,902	\$25,651
All other revenues	15,121	15,498	2,278	7,487	7,664	11,232	\$25,063	\$34,217
Total Revenues	118,778	123,312	2,330	8,606	30,860	35,728	151,968	167,646
Expenditures:								
Current	103,118	96,343	2,682	3,046	11,392	15,391	117,192	114,780
Debt Service	155		353	352	13,195	12,880	13,703	13,232
Capital Projects			34,519	22,297			34,519	22,297
Total Expenditures	103,273	96,343	37,554	25,695	24,587	28,271	165,414	150,309
Excess (Deficit) of Revenues Over Expenditures	15,505	26,969	(35,224)	(17,089)	6,273	7,457	(13,446)	17,337
Other Financing Sources (Uses)								
Issuance of debt / leases (net of refundings)	1,352		24,022	6,777	22		25,396	6,777
Proceeds from sale of capital assets	1	1,380					1	1,380
Transfers in	3,858	3,946	22,368	33,009	3,197	4,732	29,423	41,687
Transfers out	(15,840)	(30,767)	(2,953)	(1,362)	(9,564)	(9,918)	(28,357)	(42,047)
Total Other Financing Sources (Uses)	(10,629)	(25,441)	43,437	38,424	(6,345)	(5,186)	26,463	7,797
Net Change in Fund Balances	4,876	1,528	8,213	21,335	(72)	2,271	13,017	25,134
Fund Balances Beginning of Year	35,984	34,456	61,573	40,238	11,492	9,221	109,049	83,915
Change in reporting entity			(2,924)				(2,924)	
Fund Balances Beginning of Year, restated	35,984	34,456	58,649	40,238	11,492	9,221	106,125	83,915
Fund Balances End of Year	\$40,860	\$35,984	\$66,862	\$61,573	\$11,420	\$11,492	\$119,142	\$109,049

Notable changes in the major and nonmajor governmental funds are as follows:

- General Fund total revenues decreased by \$5 million and expenditures increased by \$7 million.
 - Property tax revenues increased by \$2 million and sales tax increased by \$4 million. See the Government-Wide-Financial-Analysis for an explanation of these increases.
 - Franchise fees increased by \$2 million.
 - Intergovernmental revenue decreased by \$12 million due to funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) in 2021.
 - Charges for service decreased by \$1 million due to the Airport movement as previously noted.
 - Current expenditures increased by \$7 million or 3% primarily due to increases in personnel costs as mentioned earlier in the discussion of changes in net position for governmental activities.
- The Capital Project Fund revenues decreased \$6 million and expenditures increased by \$12 million.
 - The decrease in revenues is primarily due to one-time private donations of \$7 million received in 2021 for the downtown hotel convention center project.
 - Capital outlay increased \$12 million due to construction of the city facilities for the downtown hotel convention center project.
 - Net other financing sources (uses) increased \$5 million primarily due to the issuance of debt for street projects.
 - Due to the movement of the Airport out of the governmental funds and into the enterprise funds, fund balance was reduced by \$3 million to reflect the movement of balances for Airport's Passenger Facility Charges and Customer Facility Charges out of the Capital Project Fund and into the new Airport Fund.
- Nonmajor Governmental Fund revenues decreased by \$5 million and expenditures decreased by \$4 million.
 - Intergovernmental revenues decreased \$2 million. In 2021, funds were received for Covid-19 Community Development Block Grant and Small Community Air Service Development Program which were not received in 2022.
 - Donations & contributions decreased by \$4 million as a result of not receiving funding from the Development Corporation of Abilene for street projects in 2022.
 - Current expenditures decreased by \$4 million due to reduced grant funding.

The proprietary fund financial statements beginning on page 26 are consistent with the government wide financial statements with the exception that Internal Service Funds are included as a proprietary fund. Significant changes in the Internal Service Funds are as follows:

Net position of the Internal Service Funds increased by \$5 million or 19%.

- This increase is the result of positive net position increases in the Fleet Services Fund, Self Insurance Fund and Technology Fund in the amounts of \$2 million, \$2 million, and \$.6 million, respectively. City management has spent considerable efforts to make these funds sustainable over the long-term by adjusting rates and charges to effectively fund current charges and build reserves for fluctuations in future costs.

GENERAL FUND BUDGET HIGHLIGHTS

The City prepares its annual operating budget on a basis which differs from U.S. generally accepted accounting principles (GAAP basis). See Note 2 of the notes to financial statements for an explanation of these differences. The original General Fund budget was amended during the year which had the effect of increasing total revenues by \$5 million primarily to account for improving sales tax revenues and increasing total expenses by \$.7 million. Other financing uses increased by \$8 million to fund capital projects. Actual budget basis revenues, expenditures, and other financing sources (uses) for 2022 resulted in a positive increase in fund balance of \$4 million.

The General Fund's actual budget basis total revenues were \$118 million while budgeted total revenues were \$111 million. The positive variance of \$7 million was due to grant funding (primarily Covid-19 funding) and sales tax and licenses and permit revenues exceeding expectations as the economy continues to recover from the pandemic and to rising inflation.

General Fund's actual budget basis expenditures before other financing sources (uses) were \$102 million while budgeted expenditures were \$104 million. The positive variance of \$2 million was due to savings from personnel vacancies and continued conservative spending.

CAPITAL ASSETS & RIGHT-TO-USE ASSETS

At the end of fiscal year 2022 the City had \$747 million invested in capital assets, net of accumulated depreciation. These capital assets include land, building and improvements, improvements other than buildings, machinery and equipment, construction in progress, vehicles, infrastructure, and intangible assets such as software and water rights. See Note 7 in the notes to financial statements for additional detail of the capital assets. The capital assets are summarized below:

Capital Assets, Net of Accumulated Depreciation/Amortization (in thousands)

	Governmental Activities 2022 *	Governmental Activities 2021	Business-Type Activities 2022	Business- Type Activities 2021	Total Primary Government 2022 *	Total Primary Government 2021
Land	\$14,103	\$12,581	\$1,847	\$1,847	\$15,950	\$14,428
Easements	31				31	
Construction in progress	27,463	14,315	17,107	20,002	44,570	34,317
Buildings and improvements	68,858	74,944	200,104	193,987	268,962	268,931
Improvements other than buildings	19,823	89,975	236,632	154,880	256,455	244,855
Infrastructure	104,871	99,225			104,871	99,225
Machinery and equipment	7,584	8,785	3,751	3,416	11,335	12,201
Vehicles	27,134	22,791	1,231	624	28,365	23,415
Intangible Assets	491	184	13,949	14,605	14,440	14,789
Right-to-use buildings	1,215				1,215	
Right-to-use equipment	392				392	
Total	<u>\$271,965</u>	<u>\$322,800</u>	<u>\$474,621</u>	<u>\$389,361</u>	<u>\$746,586</u>	<u>\$712,161</u>

* Restated

The City's capital asset additions for fiscal year 2022 (net of construction in progress retirements) for its governmental activities and business-type activities were \$70 million.

Governmental activities capital additions (net of construction in progress retirements) were \$46 million. The more significant additions were \$12 million for street and traffic improvements, \$3 million for vehicles, and \$3 million for buildings and improvements. An additional \$25 million in Construction in Progress was incurred in fiscal year 2022. At year end, Construction in Progress consisted primarily of \$16 million for the city facilities related to the downtown hotel project and \$5 million of street and traffic improvements.

In fiscal year 2022, the City implemented GASB Statement No. 87 for Leases. This statement provides updated accounting treatment for leases and results in additional disclosures for leases capitalized as well as future liabilities. See Note 7, pages 51-52 and Note 8, pages 52-56, of the notes to financial statements for additional information on leases and long-term obligations. The result of the implementation increased fiscal year 2021's governmental activities capital assets by almost \$2 million for right-to-use buildings and equipment. The numbers for fiscal year 2021 have been restated in the above table.

Business-type activities capital additions (net of construction in progress retirements) were \$23 million. The most significant additions were \$33 million in water & sewer system improvements, with \$20 million placed in service and another \$14 million added to Construction in Progress. At year end, Construction in Progress consisted of water and sewer system improvement projects totaling \$17 million.

LONG-TERM OBLIGATIONS

At year end the City had \$484 million of long-term obligations, an increase of \$32 million or 7%. The table below reflects the long term obligations at year end:

Long-Term Obligations (in thousands)

	Governmental Activities 2022*	Governmental Activities 2021	Business- Type Activities 2022	Business-Type Activities 2021	Total Primary Government 2022*	Total Primary Government 2021
General obligation bonds	\$70,110	\$76,155	\$168,085	\$170,260	\$238,195	\$246,415
Certificates of obligation	55,535	37,545	67,865	51,740	123,400	89,285
Bond premiums	14,644	11,868	7,127	7,017	21,771	18,885
Compensated absences	11,088	11,061	774	689	11,862	11,750
Liability for health claims	858	1,008			858	1,008
Workers compensation claims	3,867	4,265			3,867	4,265
Lease liability	1,611				1,611	
Other post employment benefits	4,842	4,646	1,062	1,012	5,904	5,658
Net pension liability	76,039	70,164		2,159	76,039	72,323
Total	\$238,594	\$216,712	\$244,913	\$232,877	\$483,507	\$449,589

* Restated

During 2022, the City issued \$20 million of certificates of obligation for street projects and \$23 million for water utility projects. This increase was offset with \$17 million of principal payments for general obligation bonds and certificate of obligation bonds.

The net pension liability of the City was \$76 million as of the end of the fiscal year, made up entirely of the Abilene Firemen's Relief and Retirement Fund. The Texas Municipal Retirement System had a net pension asset as of the end of 2022 in the amount of \$9 million. These amounts are determined based on actuarial valuations of the City's retirement plans. See Note 10, pages 56-61 for information on the City's pension plans.

As a result of implementing GASB Statement No. 87, governmental activities lease liability for fiscal year 2021 was increased by almost \$2 million and is restated in the above table.

The City's bond rating as evidenced by its most recent bond issuances continue to be AA+ by Fitch and AA2 by Moody's.

ECONOMIC FACTORS AND FISCAL YEAR 2023

The City considered many factors in setting the fiscal year 2023 budget. The most significant of these factors was the shifting economic changes caused by inflation and the COVID-19 pandemic. The General Fund operating tax rate for 2023 decreased from \$.6019 per \$100 of assessed value in 2021 to \$.5988 per \$100 of assessed value in 2022. Other factors considered were a 14% increase in the City's assessed property tax values and a 4% increase in sales tax revenues. The City has continued to see consistently strong increases in sales tax revenue over the past year as our community continues to recover. The General Fund budgeted revenues and expenditures were both set at \$121 million, a \$2 million increase from 2022.

The Debt Service Fund tax rate for 2023 was decreased from \$.1832 per \$100 of assessed value to \$.1633 due to the increased property tax values with debt service requirements remaining flat into 2023.

The Water and Sewer Fund's 2022 budgeted expenses are \$73 million, a \$5 million increase from 2022. This increase is mostly attributable to the planned financing of capital projects through operating reserves. In an effort to ensure adequate funding is available for current operations and to meet the ongoing debt service requirements of the fund, the City has adopted a five-year plan to adjust and increase water and sewer rates. Fiscal Year 2023 budgeted revenues are \$68 million, a \$6 million increase over 2022.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attention: Finance Director, P.O. Box 60, Abilene, Texas 79604, call (325) 676-6324, or e-mail at Mike.Rains@Abilenetx.gov.

BASIC FINANCIAL STATEMENTS





CITY OF ABILENE, TEXAS
Statement of Net Position
September 30, 2022

Exhibit A-1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Corporation of Abilene	Convention Center Hotel Development Corporation
ASSETS					
Cash and cash equivalents	\$ 68,770,079	\$ 41,280,414	\$ 110,050,493	\$ 17,908,806	\$ 40,925
Investments	17,557,406	11,891,179	29,448,585	13,624,524	-
Receivables:					
Accounts receivable, net	15,491,636	12,646,164	28,137,800	2,872,562	59,636
Delinquent taxes receivable, net	1,121,551	-	1,121,551	-	-
Internal balances	3,172,136	(3,172,136)	-	-	-
Due from other governments	1,464,276	4,187,837	5,652,113	-	-
Inventories - materials and supplies	596,498	1,515,328	2,111,826	-	-
Prepaid items	317,455	40,463	357,918	464,974	512,262
Restricted Assets:					
Cash and cash equivalents	48,448,737	37,610,794	86,059,531	-	31,240,031
Investments	654,226	1,024,454	1,678,680	-	-
Lease receivable	853,779	185,356	1,039,135	26,120,456	-
Notes receivable	2,564,022	-	2,564,022	18,217,654	-
Net pension asset	6,807,629	2,303,849	9,111,478	-	-
Capital and RTU assets not being depreciated	41,597,235	18,953,623	60,550,858	2,756,585	23,515,002
Capital and RTU assets net of accumulated depreciation	230,368,116	455,667,388	686,035,504	31,704,592	-
TOTAL ASSETS	439,784,781	584,134,713	1,023,919,494	113,670,153	55,367,856
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources	18,681,040	6,850,073	25,531,113	-	-
LIABILITIES					
Accounts payable	7,152,916	4,950,414	12,103,330	793,233	2,376,689
Retainage payable	776,171	805,523	1,581,694	-	721,310
Accrued expenses	1,718,077	519,342	2,237,419	88,126	-
Accrued interest	628,600	951,342	1,579,942	-	936,388
Other deposits and liabilities	409,993	166,399	576,392	-	-
Due to primary government	-	-	-	607	-
Unearned revenues	8,374,091	385,961	8,760,052	-	-
Noncurrent liabilities:					
Due within one year	11,325,640	10,445,679	21,771,319	7,735	-
Due in more than one year	227,268,438	234,467,840	461,736,278	69,616	48,332,448
TOTAL LIABILITIES	257,653,926	252,692,500	510,346,426	959,317	52,366,835
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources	20,035,549	4,601,587	24,637,136	26,023,174	-
NET POSITION					
Net Investment in capital assets	161,966,603	268,634,356	430,600,959	34,461,177	3,324,586
Restricted for:					
Debt service	3,150,358	1,744,735	4,895,093	-	-
Capital projects	656,642	2,743,219	3,399,861	-	-
Public safety	1,227,121	-	1,227,121	-	-
Economic development	2,380,557	-	2,380,557	52,226,485	-
Community services	1,056,686	-	1,056,686	-	-
General government	273,600	-	273,600	-	-
Other purposes	250,285	-	250,285	-	40,925
Pensions	6,807,629	2,303,849	9,111,478	-	-
Unrestricted (deficit)	3,006,865	58,264,540	61,271,405	-	(364,490)
TOTAL NET POSITION	\$ 180,776,346	\$ 333,690,699	\$ 514,467,045	\$ 86,687,662	\$ 3,001,021

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

CITY OF ABILENE, TEXAS
Statement of Activities
For the Year Ended September 30, 2022

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
FUNCTIONS/PROGRAMS			
PRIMARY GOVERNMENT:			
Governmental activities:			
General Services and Administration	\$ 19,661,804	\$ 2,207,421	\$ 323,889
Infrastructure and Development	18,751,594	7,556,867	1,558,221
Public Safety	67,969,394	1,704,329	8,130,842
Community Services	17,738,429	1,016,917	177,995
Interest and fees on long-term debt	4,658,315	-	-
Total governmental activities	<u>128,779,536</u>	<u>12,485,534</u>	<u>10,190,947</u>
Business-type activities			
Water and Sewer Services	57,537,756	67,108,468	-
Airport	6,559,830	1,821,956	1,394,438
Solid Waste Services	13,999,448	18,355,596	-
Transit Services	5,612,008	381,508	3,117,341
Stormwater Services	2,526,153	3,077,879	-
Total business-type activities	<u>86,235,195</u>	<u>90,745,407</u>	<u>4,511,779</u>
Total primary government	<u>\$ 215,014,731</u>	<u>\$ 103,230,941</u>	<u>\$ 14,702,726</u>
COMPONENT UNITS:			
Governmental Activities			
Development Corporation of Abilene	\$ 19,461,859	\$ 2,584,211	\$ -
Business-type Activities			
Abilene Convention Center Hotel Development Corporation	<u>3,894,656</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 23,356,515</u>	<u>\$ 2,584,211</u>	<u>\$ -</u>
General Revenues			
Property taxes, levied for general purposes			
Property taxes, levied for debt service			
Sales and use taxes			
Franchise taxes			
Occupancy tax			
Other taxes			
Investment earnings net of change in fair value of investments			
Gain on sale of capital assets			
Miscellaneous income			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position, beginning of year			
Change in reporting entity (Note 20)			
Prior Period Adjustment (Note 17)			
Net position, beginning of year as restated			
Net position, end of year			

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Development Corporation of Abilene	Convention Center Hotel Development Corporation
\$ (15,330,494)	\$ -	\$ (15,330,494)	\$ -	\$ -
(5,021,718)	-	(5,021,718)	-	-
(57,604,223)	-	(57,604,223)	-	-
(15,115,934)	-	(15,115,934)	-	-
(4,658,315)	-	(4,658,315)	-	-
(97,730,684)	-	(97,730,684)	-	-
-	11,134,322	11,134,322	-	-
-	789,068	789,068	-	-
-	4,356,148	4,356,148	-	-
-	(1,270,802)	(1,270,802)	-	-
-	551,726	551,726	-	-
-	15,560,462	15,560,462	-	-
\$ (97,730,684)	\$ 15,560,462	\$ (82,170,222)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (16,877,648)	-
-	-	-	-	(3,894,656)
\$ -	\$ -	\$ -	\$ (16,877,648)	\$ (3,894,656)
\$ 42,531,508	\$ -	\$ 42,531,508	\$ -	\$ -
12,668,791	-	12,668,791	-	-
43,831,533	-	43,831,533	14,611,734	-
9,651,220	-	9,651,220	-	-
4,480,435	-	4,480,435	-	-
3,892,109	-	3,892,109	-	-
763,172	408,225	1,171,397	(74,186)	230,842
1,470	337,124	338,594	-	-
6,253,284	1,258,795	7,512,079	5,000	-
(391,142)	391,142	-	-	-
123,682,380	2,395,286	126,077,666	14,542,548	230,842
25,951,696	17,955,748	43,907,444	(2,335,100)	(3,663,814)
233,640,724	236,918,877	470,559,601	89,022,762	9,184,835
(78,816,074)	78,816,074	-	-	-
-	-	-	-	(2,520,000)
154,824,650	315,734,951	470,559,601	89,022,762	6,664,835
\$ 180,776,346	\$ 333,690,699	\$ 514,467,045	\$ 86,687,662	\$ 3,001,021

	2022			
	General Fund	Capital Project Fund	Nonmajor Governmental	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 29,043,002	\$ 19,524,781	\$ 5,967,784	\$ 54,535,567
Investments	6,733,136	5,629,894	1,089,886	13,452,916
Receivables (net):				
Accounts receivable	12,060,522	63,168	3,367,946	15,491,636
Property taxes receivable	1,121,551	-	-	1,121,551
Lease accounts receivable	131,677	-	722,102	853,779
Due from other funds	5,504,818	-	-	5,504,818
Due from other governments	323,127	64,043	1,077,106	1,464,276
Inventories - materials and supplies	4,293	-	-	4,293
Prepaid items	36,780	-	38,624	75,404
Notes receivable, net	-	704,744	1,859,278	2,564,022
Restricted assets:				
Cash and cash equivalents	-	46,005,043	2,443,694	48,448,737
Investments	-	-	654,226	654,226
TOTAL ASSETS	\$ 54,958,906	\$ 71,991,673	\$ 17,220,646	\$ 144,171,225
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 1,739,465	\$ 4,266,320	\$ 548,022	\$ 6,553,807
Retainage payable	-	765,666	10,505	776,171
Accrued expenditures	1,644,497	-	36,046	1,680,543
Due to other funds	-	25,400	2,508,655	2,534,055
Other deposits and liabilities	270,594	72,360	67,039	409,993
Unearned revenues	6,461,003	-	1,913,088	8,374,091
Total Liabilities	<u>10,115,559</u>	<u>5,129,746</u>	<u>5,083,355</u>	<u>20,328,660</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	3,852,134	-	-	3,852,134
Leases	130,938	-	717,823	848,761
Total Liabilities and deferred inflows of resources	<u>14,098,631</u>	<u>5,129,746</u>	<u>5,801,178</u>	<u>25,029,555</u>
FUND BALANCES:				
Non-spendable:				
Inventory	4,293	-	-	4,293
Prepaid items	36,780	-	38,624	75,404
Restricted for:				
Debt service	-	-	3,150,358	3,150,358
Capital projects	-	30,899,544	-	30,899,544
Other purposes	-	-	4,227,789	4,227,789
Committed to:				
Other purposes	-	-	4,005,885	4,005,885
Assigned to:				
Capital projects	-	35,962,383	-	35,962,383
Other purposes	684,169	-	-	684,169
Unassigned (deficit)	40,135,033	-	(3,188)	40,131,845
Total Fund Balances	<u>40,860,275</u>	<u>66,861,927</u>	<u>11,419,468</u>	<u>119,141,670</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 54,958,906	\$ 71,991,673	\$ 17,220,646	\$ 144,171,225

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

**Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
As of September 30, 2022**

Total Fund Balances - Governmental Funds		\$ 119,141,670
Amounts reported for governmental activities in the statement of net position (A-1) are different because:		
Capital and RTU assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
Governmental capital and RTU assets	\$ 442,109,826	
Accumulated depreciation and amortization	<u>(189,855,228)</u>	252,254,598
Deferred outflows from refunding of debt represent a consumption of net position that applies to future periods and therefore will not be recognized as an outflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.		1,662,660
Deferred inflows from refunding of debt represent the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.		(3,451)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Franchise taxes	958,739	
Property taxes	973,326	
Fines and forfeits	<u>1,920,069</u>	3,852,134
Internal service funds are used by management to charge the costs of certain activities, such as equipment services, information services and self-insurance to individual funds. The assets and liabilities of most of the internal service funds are included in governmental activities in the statement of net position.		33,026,419
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest payable	(628,423)	
Compensated absences	(10,988,044)	
Lease liability	(1,392,235)	
General obligation bonds	(70,110,000)	
Certificates of obligation	(55,535,000)	
Unamortized premiums on bonds and certificate of obligations	<u>(14,644,429)</u>	(153,298,131)
Net pension asset, net pension liability, Other Post Employment Benefit (OPEB) liability, pension and OPEB related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:		
Other post employment benefits liability	(4,710,297)	
Net pension asset	6,673,641	
Net pension liability	(76,038,915)	
Deferred outflows of resources	16,886,898	
Deferred inflows of resources	<u>(18,670,880)</u>	(75,859,553)
Net Position of Governmental Activities		<u>\$ 180,776,346</u>

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

CITY OF ABILENE, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
Year ended September 30, 2022

Exhibit B-2

	2022			
	General Fund	Capital Project Fund	Nonmajor Governmental	Total Governmental Funds
REVENUES:				
Taxes	\$ 99,053,218	\$ -	\$ 17,949,673	\$ 117,002,891
Licenses and permits	2,063,257	-	159,310	2,222,567
Fines and forfeitures	1,044,143	-	164,302	1,208,445
Charges for services	3,137,217	-	5,941,742	9,078,959
Intergovernmental revenues	4,604,442	51,953	5,245,930	9,902,325
Investment earnings	241,511	391,309	61,301	694,121
Interest income leases	1,944	-	11,161	13,105
Donations and contributions	19,182	1,831,774	589,971	2,440,927
Miscellaneous	8,613,509	54,629	736,683	9,404,821
Total Revenues	<u>118,778,423</u>	<u>2,329,665</u>	<u>30,860,073</u>	<u>151,968,161</u>
EXPENDITURES:				
Current:				
General Services and Administration	15,688,660	820,005	3,088,191	19,596,856
Infrastructure and Development	9,593,282	1,343,815	2,221,339	13,158,436
Public Safety	60,080,122	432,860	5,848,102	66,361,084
Community Services	17,756,179	84,857	234,436	18,075,472
Debt Service:				
Principal	137,573	84,238	7,967,018	8,188,829
Interest	17,427	363	5,013,158	5,030,948
Fees and other charges	-	268,232	215,339	483,571
Capital outlay	-	34,518,770	-	34,518,770
Total expenditures	<u>103,273,243</u>	<u>37,553,140</u>	<u>24,587,583</u>	<u>165,413,966</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>15,505,180</u>	<u>(35,223,475)</u>	<u>6,272,490</u>	<u>(13,445,805)</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	19,900,000	-	19,900,000
Bond premium	-	3,870,370	-	3,870,370
Issuance of debt for lease financing	1,352,417	251,573	22,074	1,626,064
Proceeds from sale of capital assets	1,470	-	-	1,470
Transfers in	3,857,823	22,367,722	3,197,328	29,422,873
Transfers out	(15,840,195)	(2,952,830)	(9,564,694)	(28,357,719)
Total Other Financing Sources (Uses)	<u>(10,628,485)</u>	<u>43,436,835</u>	<u>(6,345,292)</u>	<u>26,463,058</u>
NET CHANGE IN FUND BALANCES	<u>4,876,695</u>	<u>8,213,360</u>	<u>(72,802)</u>	<u>13,017,253</u>
FUND BALANCES BEGINNING OF YEAR	<u>35,983,580</u>	<u>61,572,631</u>	<u>11,492,270</u>	<u>109,048,481</u>
Change in reporting entity	-	(2,924,064)	-	(2,924,064)
FUND BALANCES BEGINNING OF YEAR, RESTATED	<u>35,983,580</u>	<u>58,648,567</u>	<u>11,492,270</u>	<u>106,124,417</u>
FUND BALANCES END OF YEAR	<u>\$ 40,860,275</u>	<u>\$ 66,861,927</u>	<u>\$ 11,419,468</u>	<u>\$ 119,141,670</u>

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

**Reconciliation of Statement of Revenues, Expenditures and Change
In Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2022**

Net Change in Fund Balances - Governmental Funds \$ 13,017,253

Amounts reported for governmental activities in the statement of activities (A-2)
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and capital disposals in the current period.

Capital acquisition	\$ 39,161,951	
Residual value of assets disposed of	(737,220)	
Depreciation	<u>(15,836,402)</u>	22,588,329

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This adjustment is to recognize the net change in "unavailable" revenue.

Franchise Taxes	31,430	
Property Taxes	(24,437)	
Fines and forfeits	<u>21,275</u>	28,268

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of bonds	(19,900,000)	
Lease financing	(1,626,064)	
Bond premiums	(3,870,370)	
Principal repayments	8,188,829	
Amortization of bond premiums and deferred loss on bond refunding	<u>931,872</u>	(16,275,733)

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.

Change in compensated absences	(11,725)	
Change in accrued interest payable	<u>(73,350)</u>	(85,075)

Changes to Other Post Employment Benefit (OPEB) liability, net pension asset, net pension liability, OPEB and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

2,710,664

Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance, equipment replacement, information service and self-insurance to individual funds. The change in net position of most of the internal service funds are reported by function within governmental activities.

3,967,990

Change in Net Position of Governmental Activities \$ 25,951,696

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

	Business- type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	
CURRENT ASSETS:						
Cash and cash equivalents	\$ 35,542,861	\$ 925,022	\$ 3,245,408	\$ 1,567,123	\$ 41,280,414	\$ 14,234,512
Investments	10,244,560	259,127	935,828	451,664	11,891,179	4,104,490
Accounts and lease receivable	15,838,252	-	4,985,952	647,158	21,471,362	-
Less allowance for uncollectibles	(5,859,822)	-	(2,690,032)	(247,497)	(8,797,351)	-
Due from other governments	-	719,683	-	3,468,154	4,187,837	-
Prepaid items	34,920	4,338	-	1,205	40,463	242,051
Inventories - materials and supplies	1,101,077	-	-	414,251	1,515,328	592,205
Restricted assets:						
Cash and cash equivalents	35,490,235	2,120,559	-	-	37,610,794	-
Investments	405,796	618,658	-	-	1,024,454	-
Total Current Assets	<u>92,797,879</u>	<u>4,647,387</u>	<u>6,477,156</u>	<u>6,302,058</u>	<u>110,224,480</u>	<u>19,173,258</u>
NONCURRENT ASSETS:						
Lease receivable	157,509	-	-	-	157,509	-
Net pension asset	1,201,195	437,557	515,659	149,438	2,303,849	133,988
Capital and right-to-use assets:						
Construction in progress	15,339,163	1,745,012	-	22,500	17,106,675	-
Land	1,260,204	-	202,506	384,238	1,846,948	-
Building and improvements	515,101,011	121,216,676	291,872	1,788,231	638,397,790	-
Machinery and equipment	11,186,930	1,668,157	4,305,467	7,927,726	25,088,280	49,215,614
Right-to-use equipment	-	-	-	-	-	276,564
Intangible assets	31,629,056	13,160	-	442,316	32,084,532	-
Accumulated depreciation and amortization	(182,262,415)	(45,578,369)	(3,202,843)	(8,859,587)	(239,903,214)	(29,781,425)
Net Capital Assets	<u>392,253,949</u>	<u>79,064,636</u>	<u>1,597,002</u>	<u>1,705,424</u>	<u>474,621,011</u>	<u>19,710,753</u>
Total Noncurrent Assets	<u>393,612,653</u>	<u>79,502,193</u>	<u>2,112,661</u>	<u>1,854,862</u>	<u>477,082,369</u>	<u>19,844,741</u>
TOTAL ASSETS	<u>486,410,532</u>	<u>84,149,580</u>	<u>8,589,817</u>	<u>8,156,920</u>	<u>587,306,849</u>	<u>39,017,999</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred outflows of resources	6,325,620	111,117	321,572	91,764	6,850,073	131,482
CURRENT LIABILITIES:						
Accounts payable	3,683,122	784,328	373,928	109,036	4,950,414	599,109
Retainage payable	805,523	-	-	-	805,523	-
Accrued expenses	191,689	27,883	277,864	21,906	519,342	37,711
Compensated absences	139,165	17,395	81,870	12,249	250,679	24,191
Accrued interest	951,342	-	-	-	951,342	-
Due to other funds	-	5,475	-	2,965,288	2,970,763	-
Other deposits and liabilities	166,399	-	-	-	166,399	-
Bonds payable	10,195,000	-	-	-	10,195,000	-
Lease liability	-	-	-	-	-	64,734
Estimated liability claims	-	-	-	-	-	962,662
Estimated health claims	-	-	-	-	-	857,921
Total Current Liabilities Payable from Current Assets	<u>16,132,240</u>	<u>835,081</u>	<u>733,662</u>	<u>3,108,479</u>	<u>20,809,462</u>	<u>2,546,328</u>

	Business- type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	
NON-CURRENT LIABILITIES:						
Compensated absences	\$ 277,298	\$ 68,042	\$ 144,951	\$ 33,184	\$ 523,475	\$ 75,900
Unearned revenue	385,961	-	-	-	385,961	-
Estimated liability claims	-	-	-	-	-	2,903,873
Bonds payable	232,881,969	-	-	-	232,881,969	-
Lease liability					-	154,463
Other post employment benefits liability	710,547	4,909	264,037	82,903	1,062,396	131,414
Total Non-Current Liabilities	<u>234,255,775</u>	<u>72,951</u>	<u>408,988</u>	<u>116,087</u>	<u>234,853,801</u>	<u>3,265,650</u>
Total Liabilities	<u>250,388,015</u>	<u>908,032</u>	<u>1,142,650</u>	<u>3,224,566</u>	<u>255,663,263</u>	<u>5,811,978</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows of resources	<u>2,898,661</u>	<u>330,285</u>	<u>1,044,090</u>	<u>328,551</u>	<u>4,601,587</u>	<u>512,457</u>
NET POSITION:						
Net investment in capital assets	186,267,294	79,064,636	1,597,002	1,705,424	268,634,356	19,491,556
Restricted for debt service	1,744,735	-	-	-	1,744,735	-
Restricted for capital projects	-	2,743,219	-	-	2,743,219	-
Restricted for pensions	1,201,195	437,557	515,659	149,438	2,303,849	133,988
Unrestricted	<u>50,236,252</u>	<u>776,968</u>	<u>4,611,988</u>	<u>2,840,705</u>	<u>58,465,913</u>	<u>13,199,502</u>
TOTAL NET POSITION	<u>\$ 239,449,476</u>	<u>\$ 83,022,380</u>	<u>\$ 6,724,649</u>	<u>\$ 4,695,567</u>	<u>\$ 333,892,072</u>	<u>\$ 32,825,046</u>
Allocation of Internal Service funds net position					(201,373)	
Net position of business-type activities					<u>\$ 333,690,699</u>	

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

CITY OF ABILENE, TEXAS
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2022

Exhibit B-4

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES:						
Charges for services	\$ 66,649,801	\$ 1,821,956	\$ 18,355,596	\$ 3,459,387	\$ 90,286,740	\$ 30,488,604
Other	458,667	-	-	-	458,667	-
Total Operating Revenues	67,108,468	1,821,956	18,355,596	3,459,387	90,745,407	30,488,604
OPERATING EXPENSES:						
Personnel services	9,745,925	1,513,833	3,958,551	1,113,770	16,332,079	2,105,500
Supplies	4,336,369	110,499	46,939	610,138	5,103,945	4,737,871
Maintenance	3,747,926	170,146	103,624	181,070	4,202,766	2,251,734
Other services and charges	22,379,597	833,992	10,210,607	5,933,249	39,357,445	15,924,284
Depreciation and amortization	11,520,862	3,971,993	265,457	414,394	16,172,706	2,600,380
Total Operating Expenses	51,730,679	6,600,463	14,585,178	8,252,621	81,168,941	27,619,769
OPERATING INCOME (LOSS)	15,377,789	(4,778,507)	3,770,418	(4,793,234)	9,576,466	2,868,835
NON-OPERATING REVENUES (EXPENSES):						
Investment earnings	363,590	14,822	18,831	8,036	405,279	55,946
Interest income leases	2,946	-	-	-	2,946	-
Intergovernmental revenue	-	1,394,438	-	3,117,341	4,511,779	225,000
Passenger facility charges	-	284,818	-	-	284,818	-
Car rental customer facility charges	-	184,731	-	-	184,731	-
Rents and royalties	65,506	-	-	-	65,506	-
Net gain (loss) on disposal of assets	323,980	-	1,359	11,785	337,124	-
Interest expense and paying agent fees	(6,244,659)	-	-	-	(6,244,659)	(2,318)
Insurance recovery	-	-	-	-	-	115,637
Miscellaneous revenue	315,660	340,254	6,800	61,026	723,740	101,082
Other expense	-	-	-	-	-	(49,024)
Total Non-Operating Revenues (Expenses)	(5,172,977)	2,219,063	26,990	3,198,188	271,264	446,323
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	10,204,812	(2,559,444)	3,797,408	(1,595,046)	9,847,730	3,315,158
CAPITAL CONTRIBUTIONS AND TRANSFERS:						
Capital contributions	1,760,660	7,222,987	-	842,357	9,826,004	-
Transfers in	91,458	13,918	34,204	1,722,450	1,862,030	1,957,965
Transfers out	(947,676)	(471,155)	(3,286,012)	(53,578)	(4,758,421)	(126,728)
Net Contributions and Transfers	904,442	6,765,750	(3,251,808)	2,511,229	6,929,613	1,831,237
CHANGE IN NET POSITION	11,109,254	4,206,306	545,600	916,183	16,777,343	5,146,395
NET POSITION, BEGINNING OF YEAR, previously reported	228,340,222	-	6,179,049	3,779,384	238,298,655	27,678,651
Change in reporting entity	-	78,816,074	-	-	78,816,074	-
NET POSITION, BEGINNING OF YEAR, as restated	228,340,222	78,816,074	6,179,049	3,779,384	317,114,729	27,678,651
NET POSITION AT END OF YEAR	<u>\$ 239,449,476</u>	<u>\$ 83,022,380</u>	<u>\$ 6,724,649</u>	<u>\$ 4,695,567</u>	<u>\$ 333,892,072</u>	<u>\$ 32,825,046</u>
Change in net position of the enterprise funds					16,777,343	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,178,405	
Change in net position of business-type activities					<u>\$ 17,955,748</u>	

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

CITY OF ABILENE, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022

Exhibit B-5
Page 1

	Business-type Activities - Enterprise Funds					
	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 66,250,926	\$ 2,631,759	\$ 18,110,219	\$ 3,488,355	\$ 90,481,259	\$ 3,033,714
Receipts from interfund services provided	-	-	-	-	-	27,555,972
Payments to suppliers	(19,555,096)	(857,761)	(3,771,173)	(5,231,224)	(29,415,254)	(9,576,471)
Payments to employees	(10,867,206)	(1,613,993)	(4,473,484)	(1,265,121)	(18,219,804)	(2,207,057)
Payments for loss claims	-	-	-	-	-	(13,822,133)
Payments for interfund services used	(11,212,686)	(187,092)	(6,873,336)	(1,598,432)	(19,871,546)	(268,104)
Net cash provided (used) by operating activities	24,615,938	(27,087)	2,992,226	(4,606,422)	22,974,655	4,715,921
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Intergovernmental receipts	-	1,394,438	-	447,536	1,841,974	225,000
Transfers in	-	13,918	34,204	1,722,450	1,770,572	1,957,965
Transfers out	-	(471,155)	(3,286,012)	(53,578)	(3,810,745)	(126,728)
(Increase) Decrease in due from other funds	-	-	-	-	-	(3,080)
Increase (Decrease) in due to other funds	-	5,475	-	2,666,851	2,672,326	-
Net cash provided (used) by noncapital financing activities	-	942,676	(3,251,808)	4,783,259	2,474,127	2,053,157
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of bonds	23,270,000	-	-	-	23,270,000	-
Proceeds from bond premium	1,013,452	-	-	-	1,013,452	-
Bond issuance costs	(262,659)	-	-	-	(262,659)	-
Principal paid	(9,320,000)	-	-	-	(9,320,000)	-
Interest and paying agent fees	(6,421,732)	-	-	-	(6,421,732)	(2,141)
Acquisition and construction of capital assets	(14,127,356)	(3,444,246)	(292,976)	(839,264)	(18,703,842)	(4,850,343)
Proceeds from sale of capital assets	323,980	-	1,359	11,785	337,124	-
Transfers out	(940,515)	-	-	-	(940,515)	-
Proceeds from capital grants	-	3,412,821	-	842,357	4,255,178	-
Net cash (provided) used by capital and related financing activities	(6,464,830)	(31,425)	(291,617)	14,878	(6,772,994)	(4,852,484)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Cash to pooled investments	(10,338,312)	(855,700)	(901,396)	(438,384)	(12,533,792)	(3,984,939)
Interest on investments	363,895	14,822	18,831	8,036	405,584	55,946
Net cash used by investing activities	(9,974,417)	(840,878)	(882,565)	(430,348)	(12,128,208)	(3,928,993)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,176,691	43,286	(1,433,764)	(238,633)	6,547,580	(2,012,399)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	62,856,405	-	4,679,172	1,805,756	69,341,333	16,246,911
Change in reporting entity	-	3,002,295	-	-	3,002,295	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, RESTATED	62,856,405	3,002,295	4,679,172	1,805,756	72,343,628	16,246,911
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 71,033,096</u>	<u>\$ 3,045,581</u>	<u>\$ 3,245,408</u>	<u>\$ 1,567,123</u>	<u>\$ 78,891,208</u>	<u>\$ 14,234,512</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:						
Current assets:						
Cash and cash equivalents	\$ 35,542,861	\$ 925,022	\$ 3,245,408	\$ 1,567,123	\$ 41,280,414	\$ 14,234,512
Restricted assets - cash and cash equivalents	35,490,235	2,120,559	-	-	37,610,794	-
	<u>\$ 71,033,096</u>	<u>\$ 3,045,581</u>	<u>\$ 3,245,408</u>	<u>\$ 1,567,123</u>	<u>\$ 78,891,208</u>	<u>\$ 14,234,512</u>

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

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 15,377,789	\$ (4,778,507)	\$ 3,770,418	\$ (4,793,234)	\$ 9,576,466	\$ 2,868,835
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	11,520,862	3,971,993	265,457	414,394	16,172,706	2,600,380
Insurance recovery	-	-	-	-	-	115,637
Miscellaneous revenue	315,660	809,803	6,800	61,026	1,193,289	101,082
Rents and royalties	65,506	-	-	-	65,506	-
Interfund activity	91,458	-	-	-	91,458	(49,024)
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(1,081,199)	-	(252,177)	(32,058)	(1,365,434)	-
Prepaid items	-	(4,338)	-	(622)	(4,960)	(40,071)
Inventory	(378,878)	-	-	(31,915)	(410,793)	(154,238)
Lease receivable	(157,509)	-	-	-	(157,509)	-
Net pension asset	(1,201,195)	(437,557)	(515,659)	(149,438)	(2,303,849)	(133,988)
Deferred outflows of resources	12,603	(111,117)	(6,373)	6,309	(98,578)	4,278
Increase (decrease) in:						
Accounts payable	13,281	74,122	(279,271)	(72,662)	(264,530)	57,541
Accrued wages	(221,728)	27,883	(87,461)	(28,392)	(309,698)	(46,561)
Due to other funds	-	-	-	-	-	(224)
Compensated absences	(2,924)	85,437	104	2,467	85,084	14,928
Other deposits and liabilities	(29,751)	-	(4,068)	-	(33,819)	-
Estimated liability and health claims	-	-	-	-	-	(398,332)
Estimated health claims	-	-	-	-	-	(150,120)
Other post retirement benefits liability	29,944	4,909	11,536	3,682	50,071	5,645
Net pension liability	(1,467,901)	-	(512,599)	(178,730)	(2,159,230)	(369,202)
Deferred inflows of resources	1,729,920	330,285	595,519	192,751	2,848,475	289,355
Net cash provided (used) by operating activities	<u>\$ 24,615,938</u>	<u>\$ (27,087)</u>	<u>\$ 2,992,226</u>	<u>\$ (4,606,422)</u>	<u>\$ 22,974,655</u>	<u>\$ 4,715,921</u>
NONCASH TRANSACTIONS:						
Capital contributions from developers	\$ 1,563,610	\$ -	\$ -	\$ -	\$ 1,563,610	\$ -
Capital contribution from other funds	197,050	3,090,483	-	-	3,287,533	-
Capital asset acquisitions included in AP	-	710,206	-	-	710,206	-

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

CITY OF ABILENE, TEXAS
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2022

Exhibit B-6

	Pension Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 90,903	\$ 4,513,297
Investments		
Pooled investments	-	1,264,723
Mutual fund - bonds	9,327,593	-
Mutual funds	25,254,981	-
Hedge funds	55,560	-
Other equities	2,681,207	-
Money market funds	684,070	-
Common stock	3,583,281	-
Private real estate	50,689	-
Private infrastructure	2,829,491	-
Core real estate	5,732,098	-
Private debt	1,292,788	-
Accounts receivable	20,087	159,262
Prepaid expense	2,227	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>51,604,975</u>	<u>5,937,282</u>
LIABILITIES		
Accounts payable	-	342,665
Accrued liabilities	14,271	-
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>14,271</u>	<u>342,665</u>
NET POSITION		
Restricted for:		
Pension benefits	51,590,704	-
Other organizations and governments	-	5,594,617
	<u> </u>	<u> </u>
TOTAL NET POSITION	<u>\$ 51,590,704</u>	<u>\$ 5,594,617</u>

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

CITY OF ABILENE, TEXAS
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended September 30, 2022

Exhibit B-7

	Pension Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 3,758,847	\$ -
Employee	2,688,258	-
Total contributions	6,447,105	-
Investment Income (Loss)		
Net gain (loss) on fair value of investments	(12,069,045)	-
Interest and dividends	1,157,868	24,761
Other investment income	473,139	-
Less: investment expense	(209,978)	-
Net investment income (loss)	(10,648,016)	24,761
Hotel occupancy tax	-	1,227,838
Fees collected for other governments	-	1,870,133
Total additions	(4,200,911)	3,122,732
DEDUCTIONS		
Benefits paid including refunds of plan member contributions	9,077,349	-
Administrative expenses	104,518	2,766,870
Tax collections disbursed to other organizations	-	1,197,493
Other disbursements	-	105,395
Total deductions	9,181,867	4,069,758
Change in net position	(13,382,778)	(947,026)
Net position, beginning of year	64,973,482	6,541,643
Net position, end of year	\$ 51,590,704	\$ 5,594,617

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

CITY OF ABILENE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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CITY OF ABILENE, TEXAS
Notes to the Financial Statements
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The City of Abilene, Texas (the "City") is a municipal corporation incorporated under Article XI, Section 5, of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, morals, comfort, safety and convenience of the City and its citizens.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

Reporting Entity

The basic financial statements present the City and its component units and include all activities, organizations and functions for which the City is considered to be financially accountable. The criteria considered in determining activities to be reported within the City's basic financial statements include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

The City's major activities or functions include police and fire protection, parks and libraries, public health and social services, planning and development, public works, animal services, and general administrative services. In addition, the City operates five enterprise activities - the water and sewer utility system, the airport, solid waste, stormwater, and the transit system. These activities are included in the accompanying financial statements.

Blended Component Units

Blended component units, although legally separate entities, are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively. Blended component units of the City include the Abilene Tax Increment Reinvestment Zone #2.

On December 5, 2013, the City approved the creation of a tax increment zone (Abilene Tax Increment Reinvestment Zone #2) as permitted by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code. The area of the Zone is approximately 1,594 acres within downtown, and along the Pine Street and Ambler Ave corridors. The purpose of the Zone is to capture increments of growth in real property values in the Zone from base values established on January 1, 2013, and use the ad valorem taxes derived from these increments to contribute to the zoned area. Tax funds derived from the increment can only be spent for public improvements in the Zone or for the payment of debt service on bonds issued to provide funds for public improvements. The City has financial accountability because it has operational responsibility for the Zone.

Fiduciary Component Unit

The Abilene Firemen's Relief and Retirement Fund (the "Fund") is established and controlled through various State of Texas legislative enactments. The Fund is administered locally by a seven member Board of Trustees, composed of the Mayor (or his designee), Chief Financial Officer or his designee, three firefighters elected by majority vote of firefighters and two citizens, who must be appointed unanimously by the first five trustees. The Board of Trustees are subject to the administrative supervision of and report to the Texas Pension Review Board. The Pension Fund is funded by contributions from the firefighters and City matching contributions. As provided by enabling legislation, the City's responsibility to the AFRR fund is limited to matching bi-weekly contributions made by the members. Title to assets is vested in the AFRR Fund and not the City. The Texas State Pension Review Board is mandated to oversee all Texas public retirement systems in regard to their actuarial soundness and compliance with state law. There is a fiscal dependency on the City, and there is a potential that exclusion would result in misleading financial reporting.

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the City's component units. The financial statements of the following component units have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

The Development Corporation of Abilene (DCOA) is a legally separate non-profit economic development corporation created in 1989 by the authority of the Development Corporation Act of 1979 (Tex.Rev.Civ.Stat. art.5190.6). DCOA's purpose is to promote the City, assist developing companies, help create jobs in the Abilene area, and administer the one-half cent sales tax for economic development. DCOA is governed by a board appointed by the City Council. City Council approves DCOA's annual operating budget and project expenditures in excess of \$500,000. DCOA is reported as a discretely presented component unit. The City issues a separate annual financial report with supplemental information for the DCOA. Separate audited annual financial reports for the DCOA are available through the DCOA.

The Abilene Convention Center Hotel Development Corporation (ACCHDC) is a separate public, nonprofit corporation created in March 2019 by authority of the Texas Transportation Code for the purpose of aiding, assisting, and acting on behalf of the City of Abilene, Texas to promote the development of the geographic area of the City included at or in the vicinity of the Abilene Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism and economic development in the City, including specifically, without limitation, the development and financing of a convention center hotel within 1,000 feet of the Abilene Convention Center. ACCHDC is governed by a board appointed by City Council. ACCHDC is reported as a discretely presented component unit. Separate audited annual financial reports for the ACCHDC are available through the City.

Related Organizations

The Abilene Housing Authority (the "Authority") was created in 1971 as a public body corporate and politic pursuant to the Constitution and laws of the State of Texas, particularly the Housing Authorities Law, Article 1269k, Vernon's Annotated Texas Civil Statutes (now codified as Chapter 392 of the Local Government Code). The Authority was authorized by a duly adopted and proper resolution of the Abilene City Council to transact business and exercise its powers under the Housing Authorities Law. The powers of the Authority are vested in the commissioners of the Authority, who are appointed by the City Council. The purpose of the Authority is to provide affordable housing to qualified residents within the City. The City appoints the governing body of the Authority. However, the City is not financially accountable for the Authority, as the Authority's operations are subsidized by the federal government, the Authority establishes their own budget (subject to federal approval), the Authority establishes their rental rates, and has the ability to issue debt in the Authority's name. The City is not responsible for deficits or liabilities of the Authority. The operations of the Authority are not a part of the City and thus are excluded from the accompanying financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment 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 among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, pensions and other postemployment benefit obligations, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. This fund is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Fund – The function of this fund is to account for financial resources to be used for the acquisition or construction of capital improvements financed with bonds and specific receipts and donations.

Additionally, the government reports the following nonmajor governmental fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service or capital projects) that are restricted or committed to expenditures for specified purposes.

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

Proprietary Funds

Proprietary Funds are those used to account for the City's ongoing organizations and activities which are similar to those found in the private sector. The accounting objectives are determinations of operating income, changes in net position, financial position, and cash flow. All assets, deferred outflows, liabilities, and deferred inflows are included on the statement of net position.

The City reports the following major proprietary funds:

Water and Sewer - The Water and Sewer Fund accounts for the revenues and expenses associated with providing water and sewer services to the citizens of the City of Abilene.

Airport - The Airport Fund accounts for the revenues and expenses associated with the operations of the Abilene Regional Airport.

Solid Waste - The Solid Waste Fund accounts for the revenues and expenses associated with providing garbage removal services to the citizens of the City of Abilene.

Additionally, the City reports the following non-major proprietary funds:

Non-major Enterprise Fund - Transit - The Transit Fund accounts for the revenues and expenses associated with providing transit services to the citizens of the City of Abilene.

Non-major Enterprise Fund - Stormwater - The Stormwater Fund accounts for the revenues and expenses associated with providing quality and quantity of stormwater runoff due to ever-evolving regulations.

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The internal service funds of the City include fleet services, self-insurance, and technology services.

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for other governmental units. These include the following fund types:

Pension Trust Fund – is used to account for the assets held in trust for the members and beneficiaries of the Abilene Firefighter's Relief and Retirement Fund.

Custodial Funds – Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations and other governmental units. Custodial funds include venue taxes collected for the Abilene-Taylor County Events District and fees collected for the Abilene/Taylor County 911 Emergency Communication District.

Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Program Revenue

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenues include all taxes.

Operating and Nonoperating Items

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 enterprise and internal service funds are charges for services. Operating expense for enterprise funds and internal service funds

include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Net Position and Fund Balance Flow Assumption

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB Statement No. 72), establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

GASB Statement No. 72 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.
- Level 2 Inputs other than quotes prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs to the valuation methodology are unobservable.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Assets, Liabilities, and Net Position or Fund Balance

Cash Equivalents and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in pooled cash and investments with an original maturity of 90 days or less are considered to be cash equivalents for the purposes of the statement of cash flows. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

Investment valuation techniques are used to determine fair value. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

U.S. Government Securities: Level 2 securities are valued by a pricing service which uses an estimation process that values securities at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2022:

Assets at Fair Value as of September 30, 2022				
	Level 1	Level 2	Level 3	Total
U.S. Government Securities	\$ -	\$32,391,988	\$ -	\$32,391,988
Total assets at fair value	\$ -	\$32,391,988	\$ -	\$32,391,988

Investments – Abilene Firemen's Relief and Retirement Fund

Investments are valued at fair value determined by the following methods: investments traded on a national securities exchange are valued at the reported closing price as of the last business day of the year; and investments traded over-the-counter are valued at the last reported bid price.

Mutual funds are reported at net asset value per share. The hedge fund investments at Wells Fargo are valued at cost plus or minus the Plan's share of realized and unrealized gains and losses.

Investment gains and losses arising from increases or decreases in the fair values from the beginning of the year to the end of the year and investment gains and losses arising from the sale or maturity of investments are reported as net appreciation or depreciation in the fair value of investments in the statements of changes in fiduciary net position.

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 "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". All trade and property tax receivables are shown net of an allowance for uncollectibles.

Inventories and Prepaid Items

Inventories are stated at cost in the governmental funds and proprietary funds. Cost is determined for inventories in the Internal Service Fleet Services Fund using the average cost method. The Fleet Services Fund's oil and gas inventory and the Transit Fund's inventory are valued at cost.

All inventory purchases are recorded as inventory acquisitions (current assets) at the time of purchase. For all funds, the expenditure or expense is recognized when inventory is issued or consumed.

Prepaid items, recorded in both government-wide and fund financial statements, are goods or services that are paid for in advance and are applicable to future accounting periods. Using the consumption method, prepaid items are recorded as expenditures (governmental fund types) or expenses (proprietary fund types) as the goods or services are used. On the government-wide statement of activities, consumption of prepaid items is recorded as an expense.

Inventories and prepaid items reported in the General Fund and Special Revenue Funds are offset by a nonspendable fund balance, which indicates that these items do not represent available expendable resources even though they are a component of current assets.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position due to their use being limited by applicable bond covenants. The capital project funds record proceeds of debt issuances restricted for construction. The Debt Service Fund is used to segregate resources accumulated for debt service payments over the next 12 months.

Capital and Right-to-Use Lease Assets

Capital and right-to-use lease assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as in the proprietary fund financial statements. Capital and right-to-use lease assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for machinery and equipment and more than \$20,000 for buildings and improvements, and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized and are charged to operations as incurred. Improvements and betterments which materially extend the useful lives of the capital assets or add value are capitalized.

Depreciation of property, plant and equipment is generally provided by the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives for straight-line depreciation are as follows:

Buildings and improvements	5 to 50 years
Improvements other than buildings	10 to 40 years
Infrastructure	20 to 50 years
Transmission and distribution systems	5 to 50 years
Machinery and equipment	5 to 50 years
Vehicles	4 to 30 years
Intangibles	5 to 50 years
Leased assets	2 to 10 year

Contributions of funds from Federal, State, or local grants restricted for the purpose of purchasing property, plant, and equipment are recorded as capital contributions when received. The cost of water and sewer lines installed by developers is estimated by City engineers and recorded as capital contributions in the Water and Sewer Fund. The cost of streets and drainage installed by developers is estimated by City engineers and recorded as governmental activities capital contributions.

Public domain capital assets (infrastructure) consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, and similar assets are capitalized and depreciated.

Intangible assets include two water rights contracts the City has entered into with the West Central Texas Municipal Water District ("WCTMWD") with a total cost of \$31,453,175. Under the first contract, dated September 29, 1959 and amended on August 22, 1985, the City was granted a maximum of 31,000,000 gallons of water per day from the Hubbard Creek Reservoir. In September 1985, the City entered into a second contract with the WCTMWD for a fifty-year assured water supply agreement granting a 16.54% interest in the O.H. Ivie Reservoir water rights. The asset amortization period is 50 years.

Leases

Leases are defined by the general government as the right to use an underlying asset. As lessee the City recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximates the incremental borrowing rate, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Re-measurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life the underlying asset.

The City calculates the amortization of the discount on the lease liability and report that amount as outflows-of-resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

As lessor, the City recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

For lease contracts that are short-term, the City recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

Leases between the Abilene Regional Airport and air carriers and other aeronautical users are subject to external laws and regulations. As permitted by GASB Statement No. 87, the Airport recognizes inflows of resources based on the payment provisions of the lease contract, and the accounting policies do not apply to regulated leases.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net 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 and will not be recognized as an outflow of resources (expenses/expenditure) until then. The City had the following items that qualify for reporting in this category.

- Deferred charges on refunding - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Other Post-Employment Benefits (OPEB) contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions used to determine OPEB liability - This difference is deferred and amortized over a five year period.
- Pension contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual investment earnings on pension assets - This difference is deferred and amortized over a closed five year period.
- Changes in actuarial assumptions used to determine net pension liability - This difference is deferred and amortized over a five year period.

In addition to liabilities, the statement of net 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 and will not be recognized as an inflow of resources (revenue) until that time. The City had six items that qualify as deferred inflows of resources. The first item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow is reclassified to revenue on the government-wide financial statements. The second item qualifies as deferred inflows of resources as a result of implementing GASB Statement No. 68. These deferred inflows related to pensions and consist of the difference between actual and expected experience and the difference between projected and actual investment earnings. The third item qualifies as deferred inflows of resources as a result of implementing GASB Statement No. 75. These deferred inflows related to OPEB liabilities and consist of the difference between actual and expected experience and changes in actuarial assumptions. The fourth item relates to deferred inflows on refunding debt. When the debt is refunded, the associated gain is recognized as a deferred inflow and amortized over future years. The fifth item relates to deferred inflows on leases.

At the beginning of the lease term, a deferred inflow of resources is recorded and recognized as inflows on a straight-line basis over the term of the lease. The sixth item relates to an advance payment of payment in lieu of taxes.

The components of the City's deferred outflows of resources and deferred inflows of resources are as follows:

	Business Activities					Total
	Governmental Activities	Water and Sewer	Airport	Solid Waste	Non-Major Enterprise Fund	
Deferred Outflows of Resources						
Deferred outflows from pension activities	\$ 16,267,632	\$ 680,177	\$ 105,912	\$ 276,706	\$ 78,513	\$ 1,411,308
Deferred outflows from OPEB activities	750,748	114,746	5,205	44,866	13,251	178,068
Unamortized deferred bond refunding cost	1662,660	5,530,697	-	-	-	5,530,697
Total Deferred Outflows of Resources	<u>\$ 18,681,040</u>	<u>\$ 6,325,620</u>	<u>\$ 111,117</u>	<u>\$ 321,572</u>	<u>\$ 91,764</u>	<u>\$ 6,850,073</u>
Deferred Inflows of Resources						
Deferred inflows from pension activities	\$ 18,902,448	\$ 2,669,029	\$ 328,346	\$ 1,027,338	\$ 323,595	\$ 4,348,308
Deferred inflows from OPEB activities	280,889	42,863	1,939	16,752	4,956	66,510
Deferred Inflows from refunding	3,451	-	-	-	-	-
Deferred Inflows from leases	848,761	186,769	-	-	-	186,769
Deferred Inflows from taxes	125,000	-	-	-	-	-
Total Deferred Inflows of Resources	<u>\$ 20,160,549</u>	<u>\$ 2,898,661</u>	<u>\$ 330,285</u>	<u>\$ 1,044,090</u>	<u>\$ 328,551</u>	<u>\$ 4,601,587</u>

Long-Term Debt

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. General obligation bonds, which have been issued to fund capital projects of both the general government and certain proprietary funds, are to be repaid from tax revenues of the City. General obligation debt is recorded in the governmental activities in the government-wide financial statements.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period in the fund financial statements. Bond proceeds and premiums are reported as an "other financing source." Bond discounts are reported as an "other financing use". Bond issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types and in the government-wide financial statements, premiums and discounts are reported as deferred charges and amortized over the life of the related debt. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences

All employees may accumulate vacation and sick leave. In the event of termination, other than by death or retirement, an employee other than a police officer or firefighter may be reimbursed up to 45 vacation days. If termination is by death or retirement, the beneficiary or employee may also be reimbursed up to 90 sick leave days. The City is liable for up to 90 days sick leave and 45 days vacation leave related to police officers and firefighters regardless of cause for termination. In the government-wide statements, vacation and sick pay are recorded as an expense and related liability in the year earned. The liability for compensated absences in the governmental funds will be liquidated by the General fund.

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 Abilene Firemen's Relief and Retirement Fund (AFRRF) and additions to/deductions from TMRS's and AFRRF's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and AFRRF. 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.

Other Postemployment Benefits (OPEB)

The fiduciary net position of the TMRS Supplemental Death Benefits Plan (SDBP) has been determined using the economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from SDBP's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

In the government-wide financial statements and proprietary fund financial statements, the net position is reported in three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net investment in capital assets represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. 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.

Transactions Between Funds

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements to a fund for expenditures or expenses initially made from that fund which were properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

Federal and State Grants and Entitlements

Grants, entitlements, and shared revenues may be accounted for within any of the fund types. The purpose and requirements of each grant or entitlement are carefully analyzed to determine the proper fund type in which to record the related transactions. Grants or entitlements received for purposes normally financed through a particular fund type may be accounted for in that fund type provided that applicable legal restrictions can be appropriately satisfied.

Capital grants restricted for capital acquisitions or construction, other than those associated with proprietary type funds, are accounted for in the applicable Capital Projects Funds. Such revenues received for operating purposes of proprietary funds, or which may be utilized for either operations or capital outlay at the discretion of the City, are recognized in the applicable proprietary fund.

Grant proceeds received in advance of incurring eligible expenditures are reported as unearned revenues which totaled \$6,336,003 at September 30, 2022.

New Accounting Pronouncement Adopted in 2022

In fiscal year 2022, the City implemented GASB Statement No.87, Leases, which established new guidance for lease accounting for lessees and lessors and eliminated the classification of leases into operating or capital leases.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Policies

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. At least thirty days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget for the next fiscal year is legally enacted by the City Council through passage of an ordinance not later than the twenty-fifth day of the last month of the fiscal year. If the City Council does not enact the budget within this time period, then the budget as submitted by the City Manager becomes the legally authorized budget.
4. Expenditures may not legally exceed appropriations at the department level for each legally adopted annual operating budget. The City Manager may, without Council approval, transfer appropriation balances from one expenditure account to another within a department or agency of the City and from department to department, but is not authorized to increase total appropriations within a fund without prior Council approval. The reported budgetary data has been revised for amendments legally authorized during the year.
5. Annual budgets are legally adopted for the General Fund, some of the Special Revenue Funds (Community Development Fund, Home Fund, Health Services Fund, Health Grants Fund, Transportation Planning Fund, Court Fund, Seized Fund, Hotel Occupancy Tax Fund, and Street Maintenance Fund), the Debt Service Fund, Enterprise Funds and Internal Service Funds. Multi-year budgets are adopted for capital projects and grant funds, where appropriations remain authorized for the life of the project, irrespective of fiscal year.
6. At the close of each fiscal year, any unencumbered appropriation balance (appropriations including prior year encumbrances less current year expenditures and encumbrances) lapses or reverts to the unassigned fund balance. The unencumbered appropriation balance in the Capital Projects Funds does not lapse at year end.

The City prepares its annual operating budget on a basis (budget basis) which differs from U.S. generally accepted accounting principles (GAAP basis). In order to provide a meaningful comparison of actual results with the budget, the actual and budget amounts are presented in accordance with the City's method (budget basis) in the General Fund –Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Exhibit C-1).

The major difference between GAAP and budget basis is that encumbrances are recorded as an assignment of fund balance (GAAP basis) as opposed to the equivalent of expenditures (budget basis) in governmental funds. There is also a revenue difference between GAAP and budget basis because the City does not budget revenue in accordance with GASB 33 *Accounting and Financial Reporting for Nonexchange Transactions*.

Adjustments necessary to convert the change in fund balance from budget basis to GAAP basis are presented in the Notes to the Required Supplementary Information.

Encumbrances

Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to commit or assign that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as either commitments or assignments of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

For budgetary purposes, encumbrances outstanding at year end and the related appropriation are carried forward to the new fiscal year. Encumbrances constitute the equivalent of expenditures for budgetary purposes and, accordingly, the accompanying financial statements present comparisons of actual results to the legally adopted budgets on the budget basis of accounting.

Nature and Purpose of Classifications for Fund Balance

The following classifications describe the relative strength of the spending constraints placed on fund balance and the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself; using its highest level of decision –making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. City Council has authorized the City Manager as the official responsible for the assignment of fund balance for specific purposes, pursuant to the City's Fund Balance Policy.

In the general fund, the City is to maintain an unassigned fund balance equal to 25% of the annual expenditures. The City considers a balance of less than 20% to be a cause for concern, barring unusual or deliberate circumstances. In the event that the total fund balance is calculated to be less than the policy stipulates, the City will plan to adjust budget resources in subsequent fiscal years to restore the balance.

Appropriation from the minimum unassigned fund balance requires the approval of the City Council and will be utilized only for one-time expenditures, such as capital purchases, and not for ongoing expenditures unless a viable revenue plan designed to sustain the expenditure is simultaneously adopted. City Council may appropriate unassigned fund balances for emergency purposes, as deemed necessary, even if such use decreases the fund balance below the established minimum.

The City designates restricted amounts to be spent first if both restricted and unrestricted fund balance are available. Additionally, the City would first use committed, followed by assigned, and lastly unassigned balances when expenditures are incurred for purposes for which balances in any of those unrestricted fund balance classifications could be used.

The table below presents additional detail of fund balances as of September 30, 2022.

	Non-Major Governmental Funds					Total
	General	Capital Projects	Special Revenue	Debt Service	Total Non-major Govt Funds	
Fund Balance						
Non-spendable:						
Inventory	\$ 4,293	\$ -	\$ -	\$ -	\$ -	\$ 4,293
Prepaid items	36,780	-	38,624	-	38,624	75,404
Restricted for:						
Debt service	-	-	-	3,150,358	3,150,358	3,150,358
Capital projects	-	30,899,544	-	-	-	30,899,544
Public safety	-	-	1,227,121	-	1,227,121	1,227,121
Economic development	-	-	2,380,557	-	2,380,557	2,380,557
Community services	-	-	96,226	-	96,226	96,226
General government	-	-	273,600	-	273,600	273,600
Other purposes	-	-	250,285	-	250,285	250,285
Committed for:						
Streets maintenance	-	-	4,005,885	-	4,005,885	4,005,885
Assigned to:						
Capital projects	-	35,962,383	-	-	-	35,962,383
General services	55,651	-	-	-	-	55,651
Planning and development	63,565	-	-	-	-	63,565
Streets and transportation	147,707	-	-	-	-	147,707
Public safety	328,373	-	-	-	-	328,373
Community services	88,873	-	-	-	-	88,873
Unassigned	40,135,033	-	(3,188)	-	(3,188)	40,131,845
	<u>\$ 40,860,275</u>	<u>\$ 66,861,927</u>	<u>\$ 8,269,110</u>	<u>\$ 3,150,358</u>	<u>\$ 11,419,468</u>	<u>\$ 119,141,670</u>

NOTE 3: DEPOSITS AND INVESTMENTS

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

Legal Investments

Under current Texas law, the City is authorized to invest in (1) obligations of the United States or its instrumentalities, (2) direct obligations of the State of Texas or its agencies, (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 the State of Texas or the United States or its instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state that are rated A or higher by a nationally recognized investment rating agency, (6) bonds issued, assumed, or guaranteed by the State of Israel, (7) interest bearing bank deposits or certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation or National Credit Union Share Insurance Fund or are secured as to principal by obligations described in the preceding clauses or in any other manner and amount provided by law for City deposits, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through primary government securities dealer or a financial institution doing business in the State of Texas, (9) securities lending program that is 100% collateralized, can be terminated at any time, and placed through a primary government securities dealer or a financial institution in the state of Texas, and has a term of one year or less, (10) bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank, (12) no-load money market mutual funds registered with the Securities and Exchange Commission, (13) no-load mutual funds registered with the Securities and Exchange Commission with an average weighted maturity of less than two years and a duration of (a) one year or more if invested exclusively in obligations approved in this section or (b) less than one year if investment portfolio is limited to investment grade securities, excluding asset-backed securities, (14) guaranteed investment contracts with a defined termination date, secured by obligations in an amount at least equal to the amount of bond proceeds invested under the contract, and is pledged to the entity and deposited with the entity or a third party selected and approved by the entity, and (15) public funds investment pools continuously rated no lower than AAA or AAAM or equivalent rating by at least one nationally recognized rating service and maintain a stable \$1 net asset value. The City may invest in such obligations directly or through government investment pools that invest solely in such obligations. The City did not engage in repurchase nor reverse repurchase agreement transactions during the current year.

Custodial Credit Risk

The City's demand deposits had a carrying value of \$8,171,894 at year end and are entirely covered by FDIC insurance and pledged collateral held in the City's name by the City's agent. Obligations that may be pledged as collateral are as follows:

1. Obligations of the U.S. or its agencies and instrumentalities.
2. Direct obligations of the state, agencies, counties, cities and other political subdivisions of the state of Texas rated as to investment quality by a nationally recognized investment firm not less than A or its equivalent.

Investment Policies

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived". Under Texas law and City policy, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all City funds must be invested in investments that protect principal, are consistent with the operating requirements of the City, and yield the highest possible rate of return.

Objectives

Funds of the City are invested in accordance with State law, IRS arbitrage regulations, City Council approved policies and written administrative procedures. The City's objectives in managing its investment portfolios are as follows:

1. Safety - The first and foremost consideration of any custodian of public funds must be safety of the principal amount involved.
2. Liquidity - The City must have cash or "near cash" on hand to meet current obligations.
3. Yield - While it is certainly desirable to show a high effective rate of return on invested funds, it is important to recognize that it is essential to keep every dollar working every day, even at a reduced rate of return.

Interest Rate Risk and Concentration Risk

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective is to mitigate interest rate risk (the risk that the fair value of securities in the portfolio will fall due to changes in general interest rate) and concentration risk (the risk of over reliance on any one investment type or issuer). The table below lists the City's investment policies and adherence of the current portfolio to these risks:

Authorized Investment Type	Per Policy		At September 30, 2022	
	Maximum Maturity	Maximum % of Portfolio	Maximum Maturity	% Of Portfolio
Local Government Investment Pools		100%	1 day	68%
Certificates of Deposit	1 year	50%	1 year	0%
U.S. Government Securities	2-10 years	100%	4 years	14%
Money Market Mutual Funds	Weighted Average 90 days	15%	n/a	1%
Money Market			1 day	17%

For short term liquidity requirements, the City voluntarily participates in two local government investment pools. TexPool was created to invest funds on behalf of Texas political subdivisions. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operation, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool uses amortized cost rather than the market value to report net position to compute share prices. TexPool allows for same day or next day redemptions and deposits. As of September 30, 2022, TexPool's portfolio maintained a weighted average maturity of approximately 24 days.

The other local government investment pool utilized by the City is Texas Short Term Asset Reserve Fund (TexStar). This pool is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank. The fair value of the position of TexStar is measured at net asset value and is designed to approximate the share value. The pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The pool offers same day access to investment funds. As of September 30, 2022, TexStar's portfolio maintained a weighted average maturity of approximately 12 days.

TexPool and TexStar's investment policies limit the weighted average maturity to sixty (60) days. The pools do not invest in derivatives. In order to maintain a stable \$1 price of the funds, the pools will sell portfolio holdings if the ratio of the fair value of the portfolio divided by the book value of the portfolio is less than .995 or greater than 1.005. The \$1 price is not guaranteed or insured by the State of Texas, the Comptroller of Public Accounts, the pools or their administrators.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2022, the City's investments in TexStar and TexPool were both rated AAAM by Standard and Poor's. In addition, the City requires all investment balances with financial institutions (certificates of deposit and money market accounts) to be fully collateralized with pledged securities or letters of credit held by third parties.

Investment Administration

The Finance Director is responsible for the City's comprehensive cash management program, including the administration of the Investment Policies. The Finance Director is responsible for considering the quality and capability of staff involved in investment management and procedures and for authorizing investments. The Assistant Director of Finance accounts for investments and pledged collateral in order to maintain appropriate internal controls.

The City of Abilene's Investment Program is divided into three portfolios 1) Core; 2) Emergency/Liquidity; and 3) Discretionary.

Core Portfolio

The core portfolio is specifically managed to achieve the first three objectives of safety, liquidity, and legality. This portfolio consists of instruments that have a stated maturity date covering a twelve (12) to eighteen (18) month period. The instruments are timed to meet payrolls, bond payments, accounts payable, and capital project schedules. Typical investment types are Certificates of Deposit, Treasury Bills, Treasury Notes, and other short term obligations of agencies or instrumentalities of the United States.

Emergency/Liquidity Portfolio

The emergency/liquidity portfolio is managed to not only achieve the objectives of the core portfolio but also to achieve better yields and flexibility. This portfolio consists of instruments with a stated maturity date that is not required to cover operations but is available for liquidity purposes, if necessary, or to take advantage of changes in the market. In addition, TexPool and TexStar are maintained to provide immediate access to funds should conditions warrant.

Discretionary Portfolio

The discretionary portfolio is managed to achieve all of the objectives while allowing somewhat more flexibility. This portfolio is utilized to enhance the overall yield of the investment program by allowing flexibility in the type of instrument purchases from monies not needed in the immediate future.

The City maintains a pooled investment fund which is shared by various funds and component units of the City. Each individual fund's and component unit's equity investment in the pooled investment fund is reflected as cash equivalents and investments in the accompanying financial statements.

Cash and cash equivalent balances at September 30, 2022 are as follows:

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	Custodial Funds	Total
Petty Cash	\$ 17,453	\$ -	\$ 1,100	\$ 2,950	\$ 440	\$ -	\$ 21,943
Deposits	5,626,069	4,221	2,415,912	29,653	2,188	93,851	8,171,894
Pooled Fund Cash	23,399,480	19,521,060	5,994,466	44,783,585	14,231,884	4,385,293	112,315,768
Equivalents							
TexStar	-	46,004,543	-	30,473,528	-	34,153	76,512,224
Money Market Funds	-	-	-	1,881,821	-	-	1,881,821
Money Market Mutual Funds	-	-	-	1,719,671	-	-	1,719,671
Total	<u>\$ 29,043,002</u>	<u>\$65,529,824</u>	<u>\$ 8,411,478</u>	<u>\$78,891,208</u>	<u>\$14,234,512</u>	<u>\$4,513,297</u>	<u>\$ 200,623,321</u>

Shown in the statements in the following line items:

Cash and cash equivalents	\$ 29,043,002	\$19,524,781	\$ 5,967,784	\$41,280,414	\$14,234,512	\$4,513,297	\$ 114,563,790
Restricted cash and cash equivalents	-	46,005,043	2,443,694	37,610,794	-	-	86,059,531
Total	<u>\$ 29,043,002</u>	<u>\$65,529,824</u>	<u>\$ 8,411,478</u>	<u>\$78,891,208</u>	<u>\$14,234,512</u>	<u>\$4,513,297</u>	<u>\$ 200,623,321</u>

Pooled fund investment balances at September 30, 2022 are as follows:

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	Custodial Funds	Total
Investments	\$ 6,733,136	\$ 5,629,894	\$ 1,089,886	\$11,891,179	\$ 4,104,490	\$1,264,723	\$ 30,713,308
Restricted Investments	-	-	654,226	1,024,454	-	-	1,678,680
Total	\$ 6,733,136	\$ 5,629,894	\$ 1,744,112	\$12,915,633	\$ 4,104,490	\$1,264,723	\$ 32,391,988

The following represents the investments and cash equivalents at September 30, 2022 located in the pooled investment fund:

Description	Credit Ratings	Interest Rate	Par Value	Book Value (Cost)	Carrying Value
<u>Core Portfolio:</u>					
FFCB	Aaa	1.042	\$3,000,000	\$2,992,602	\$2,980,170
FHLB	Aaa	2.417	2,000,000	2,000,000	1,982,840
FHLMC	Aaa	2.000	1,000,000	1,000,000	1,001,120
Treasury Bill	N/A	2.000	1,000,000	991,367	985,538
Treasury Note	N/A	0.926	<u>4,000,000</u>	<u>3,989,257</u>	<u>3,960,770</u>
			<u>\$11,000,000</u>	<u>\$10,973,226</u>	<u>\$10,910,438</u>
<u>Discretionary Portfolio:</u>					
FHLB	Aaa	2.591	3,000,000	3,000,000	2,914,133
FHLMC	Aaa	4.553	1,000,000	999,250	1,000,000
Treasury Bill	N/A	3.189	1,000,000	973,397	969,811
Treasury Note	N/A	1.796	<u>17,000,000</u>	<u>16,801,127</u>	<u>16,556,868</u>
			<u>22,000,000</u>	<u>21,773,774</u>	<u>21,440,812</u>
<u>Emergency/Liquidity Portfolio:</u>					
TexPool	AAAm	2.413	54,125,218	54,125,218	54,125,218
TexStar	AAAm	2.294	22,614,158	22,614,158	22,614,158
Money Market	N/A	2.238	<u>35,576,392</u>	<u>35,576,392</u>	<u>35,576,392</u>
			<u>112,315,768</u>	<u>112,315,768</u>	<u>112,315,768</u>
Accrued Interest			<u>\$40,738</u>	<u>\$40,738</u>	<u>\$40,738</u>
Total			<u>\$145,356,506</u>	<u>\$145,103,506</u>	<u>\$144,707,756</u>

The government agency securities above are registered and held in safekeeping by the City's agent in the City's name.

Deposits and Investments - Abilene Firemen's Relief and Retirement Fund (AFRRF)

Deposits held in the AFRRF's operating bank account at September 30, 2022 were entirely insured or collateralized with federal deposit insurance and securities held by the pledging financial institution's agent bank in the name of the AFRRF.

The AFRRF's investments are managed by various managers who have discretionary authority over assets managed by them, within the investment guidelines established by the AFRRF Board, under the contracts with the pension plan. The investments are held by the AFRRF custodian in the pension plan's name. The AFRRF is authorized to invest in obligations of the U.S. Treasury, agencies, corporate bonds, mutual funds, diversified hedge fund programs, and equity securities.

The AFRRF is prohibited from investing in insurance contracts, guaranteed investment contracts (GICs), bank certificates of deposits with maturities in excess of one year, short sales, naked options, commodities, unregistered or restricted stock, leveraged investments, as well as real estate for which the AFRRF had direct ownership.

The following presents the fair value of investments at September 30, 2022 of individual investments that represent 5% or more of the AFRRF's fiduciary net position disclosed separately.

Investment Type	September 30, 2022
Mutual Funds	
Vanguard Total Stock Market Index Fund	\$ 17,494,494
Western Asset Core Bond Fund	7,878,965
Clearbridge International Growth	2,806,505
Harding Lovener International Equity	2,950,332
Blackrock Mult-Asset Income Fund	2,681,208
Other equities (REITs, EFTs)	
American Core Realty	3,910,989
	<u>\$ 37,722,493</u>

Through adherence to the AFRRF's investment policy, management attempts to limit or mitigate certain risks. A summary of these requirements are listed below.

Equities – At least 60% of the equity securities owned must be listed on either the New York or American Stock exchanges and no more than 10% of the portfolio's equity designated assets at market value should be invested in any one industry. The minimum market capitalization of any stock, at time of purchase, should be no lower than \$400,000,000.

Fixed-income securities – All debt securities must be rated "A" or better by Moody's, Standard & Poor's (S&P), or Fitch. A portion of the fixed-income portfolio, not to exceed 5%, may utilize bonds whose ratings are BBB. The policy does allow up to 65% of the high-yield fixed income securities portfolio to be invested in high-yield or high-risk bonds (Ba or BB or below at the time of purchase) and other similar securities. The maximum maturity of all fixed income investments, with the exception of mortgage-backed securities and the portfolio of high-yield fixed income securities, is 10 years.

Cash reserves and cash equivalents – The policy allows commercial paper with rating of A-1, A-2, Prime 1, or Prime 2; obligations of the U.S. government and any of its agencies; certificates of deposit and bankers' acceptances issued by banks rated "AA" or higher by Moody's or S&P; and no-load money market funds with all of the above-defined quality guidelines.

Alternative investments – The alternative investments are comprised of a combination of single manager strategies and diversified hedge fund programs known as a fund of funds which shall be monitored for diversification and risk management. No more than 10% of the assets of the hedge fund will be invested in any one manager at the outset of investment.

The AFRRF did not have any specific debt investments that would require disclosure for the year ended September 30, 2022. The AFRRF is invested in a fixed income mutual fund with an average effective maturity of 15.71 years as of September 30, 2022.

The AFRRF investment policy does not limit the maximum allowable stated maturity of individual investments, except for fixed-income securities mentioned above.

Concentration of credit risk – The AFRRF's investment policy does not limit investments in any one issuer except the investment portfolio shall be diversified after considering maturity duration, type of investment, liquidity factors, cash-flow timing and degree of risk.

It is AFRRF's policy to invest the assets in accordance with the Target allocation stated below and within the limitations so noted. The Asset Mix Policy established by the Board of Trustees represents a long-term view (a full market cycle). As such, rapid and sudden market movements may cause the Fund's actual asset mix to fall outside the stated policy range. Any such divergence, however, should be short-term in nature.

Asset Class	Allocation Range	Target Allocation
U.S. Equities	32.5% to 42.5%	37.5%
Private Equity	0% to 10%	5.0%
International Equities	7.5% to 17.5%	12.5%
Emerging Market Equities	0% to 10%	5.0%
Fixed income-Core/Core Plus	10% to 20%	15.0%
Fixed Income-Global	0% to 5%	2.5%
Fixed Income-Private Debt	0% to 5%	2.5%
Global Tactile Asset Allocation	0% to 10%	5.0%
Private Real Estate	0% to 15%	10.0%
Private Infrastructure	0% to 10%	5.0%
Cash Equivalents	0% to 5%	0.0%
		<u>100.0%</u>

Credit risk - The AFRRF's rated debt investments as of September 30, 2022, using the Moody's or S&P rating scale, are presented below:

Investment Type	Moody's / S&P Rating	September 30, 2022
Money Market funds	Aaa	\$ 684,070

The net appreciation (depreciation) in investments for the year ending September 30, 2022 is presented below:

Investment Type	September 30, 2022
Hedge funds	\$ (228,988)
Mutual funds	(9,081,528)
Other equities	(1,043,431)
Common stock	(1,715,098)
Total	<u>\$ (12,069,045)</u>

Rate of Return – For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -17.26%. The money-weighted rate of return expresses investment performance, net of plan investment expense, adjusted for the changing amounts actually invested.

The AFRRF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 are significant other observable inputs; Level 3 are significant unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the investments measured at fair value on a recurring basis at September 30, 2022:

	Level 1	Level 2	Level 3	Total
Hedge funds	\$ -	\$ 55,560	\$ -	\$ 55,560
Mutual funds-bonds	9,327,593	-	-	9,327,593
Mutual funds	25,254,981	-	-	25,254,981
Other equities	2,681,207	-	-	2,681,207
Money Market funds	684,070	-	-	684,070
Common stock	3,583,281	-	-	3,583,281
Private real estate	-	50,689	-	50,689
Private infrastructure	2,829,491	-	-	2,829,491
Core real estate	5,732,098	-	-	5,732,098
Private debt	-	-	1,292,788	1,292,788
	<u>\$ 50,092,721</u>	<u>\$ 106,249</u>	<u>\$ 1,292,788</u>	<u>\$ 51,491,758</u>

The level 3 assets are measured using the fair value of the underlying assets and the present value of future cash flows of the investments.

	Private Debt
Beginning Balance	\$ 1,159,998
Purchases / transfers	131,816
Investment income	125,717
Disbtibutions / return of capital	(124,743)
	<u>\$ 1,292,788</u>

NOTE 4: ACCOUNTS AND NOTES RECEIVABLE

Receivables at September 30, 2022 for the government's individual major and nonmajor governmental and internal service funds, including the applicable allowances for uncollectible accounts, consist of the following:

	General	General Capital Projects	Nonmajor	Total Governmental Activities
Receivables:				
Accounts	\$ 9,899,967	\$ 63,168	\$3,108,254	\$ 13,071,389
Property tax	1,316,567	-	-	1,316,567
Sales tax	7,798,722	-	-	7,798,722
Bingo tax	13,933	-	-	13,933
Franchise	1,431,066	-	-	1,431,066
Hotel occupancy tax	-	-	387,607	387,607
Lease receivable	131,677	-	722,102	853,779
Notes receivable	79,124	704,744	1,900,152	2,684,020
Accrued Interest	-	-	2,029,150	2,029,150
Due from other governments	323,127	64,043	1,077,106	1,464,276
Gross Receivables	20,994,183	831,955	9,224,371	31,050,509
Less allowance for doubtful accounts	(7,357,306)	-	(2,197,939)	(9,555,245)
Net total receivables	<u>\$ 13,636,877</u>	<u>\$ 831,955</u>	<u>\$7,026,432</u>	<u>\$ 21,495,264</u>

Receivables at September 30, 2022 for the government's individual major and nonmajor enterprise funds, including the applicable allowances for uncollectible accounts, consist of the following:

	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total Business- type Activities
Receivables:					
Accounts	\$ 15,810,405	\$ -	\$4,985,952	\$ 647,158	\$ 21,443,515
Leases	185,356	-	-	-	185,356
Due from other governments	-	719,683	-	3,468,154	4,187,837
Gross Receivables	<u>\$ 15,995,761</u>	<u>\$ 719,683</u>	<u>\$4,985,952</u>	<u>\$ 4,115,312</u>	<u>\$ 25,816,708</u>
Less allowance for doubtful accounts	<u>(5,859,822)</u>	<u>-</u>	<u>(2,690,032)</u>	<u>(247,497)</u>	<u>(8,797,351)</u>
Net total receivables	<u>\$ 10,135,939</u>	<u>\$ 719,683</u>	<u>\$2,295,920</u>	<u>\$ 3,867,815</u>	<u>\$ 17,019,357</u>

NOTE 5: PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 2021, upon which the 2021 levy was based, was \$7,305,405,934. Taxes are due by January 31 following the October 1 levy date. Split payments are permitted: the first half by November 30; the second half by June 30. Discounts are not allowed.

A tax lien attaches to property on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed on the property. The lien attaches whether or not the taxes were imposed in the year in which the lien attached. The lien exists in favor of each taxing unit having the power to tax the property. The provision applies to both real and personal property.

Legislation passed in 1979 and amended in 1981 by the Texas Legislature with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide Appraisal Districts and for a State property tax board which commenced operations in January, 1980.

As of October 1, 1981, the appraisal of property within the City is the responsibility of the Central Appraisal District of Taylor County (CAD). The CAD is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, all real property within the Appraisal District must be reappraised every four years.

The CAD has chosen to review the value of property every year. The City may challenge appraised values established by the CAD through various appeals and if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the proposed tax rate exceeds the no-new-revenue tax rate by more than 3.5%, referred to as the voter-approval tax rate, the City is required to hold an election. If voters do not approve, the tax rate is set at the voter-approval tax rate. Legislation does allow the City to "bank" unused amounts between the adopted tax rate and the voter-approval tax rate for up to three years. This is referred to as the unused increment rate and if used, would allow the City to exceed the voter-approval tax rate in a future year without requiring an election. This legislation also provides that, if mandated by the qualified voters in the City, the collection function must be placed with the Tax Authority. In October 1982, the CAD assumed the property tax billing and collection function for the City at a fee of one-half of one percent of total current taxes collected.

The City is permitted by Article II, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. A practical limitation on taxes levied for debt service is \$1.50 per \$100 of assessed valuation as established by the attorney general of the State of Texas.

The tax rate to finance general governmental services other than payment of principal and interest on long-term debt was \$.6019 per \$100 for the year ended September 30, 2022. The tax rate to finance the payment of principal and interest on long-term debt was \$.1832 per \$100 for the year ended September 30, 2022. Current taxes collected during the year ended September 30, 2022, amounted to 98.8% of the current tax levy.

The City has adopted a policy to record all delinquent taxes in the General Fund at year end. The City's general obligation bonds require an annual tax levy sufficient to pay principal and interest on the bonds with full allowance being made for delinquent taxes. The bond ordinances require that the Debt Service Fund be funded from actual tax receipts as received. The later collection of delinquent taxes after the current year funding requirements have been satisfied will be in excess of the actual requirements for the payment of the bonds. Therefore, such delinquent taxes are deposited in the City's General Fund after the City has met the annual requirements for the payment of the bonds.

NOTE 6: TAX ABATEMENTS

As of September 30, 2022, the City provides a program for tax abatements of real and/or business personal property tax in accordance with Texas Tax Code Section 312, "Property Redevelopment and Tax Abatement Act" and resolutions adopted by City Council. The purpose of the program is to attract new industries and to encourage the retention and development of existing businesses for the economic benefit of the City of Abilene.

Entities eligible to apply for tax abatement are as follows:

Enterprise Type	Eligibility	Amount of Abatement
Industrial, Manufacturing, Distribution, Service Businesses, Renewable Energy	Meet minimum capital expenditure and job creation requirements, in accordance with City's Tax Abatement Policy (Resolution 201-2021)	Property tax may be abated up to 100 percent (of the increase in value from the year the agreement is executed) for up to 10 years depending on the capital expenditure and jobs created
Multi-family residential properties	Available on a limited basis to properties located in a specific zone	Minimum amount of property tax abatement is 50% with an additional 5% for every 5 units over 50 (of the increase in value from the year the agreement is executed) for up to 5 years
Properties subject to a voluntary cleanup program executed with the Texas Commission on Environmental Quality	Meet minimum capital expenditure and job creation requirements, in accordance with City's Tax Abatement Policy (Resolution 201-2021)	Property tax may be abated up to 100 percent (of the increase in value from the year the agreement is executed) for up to 4 years depending on the capital expenditure and jobs created
Retail businesses located within one of Abilene's three enterprise zones or a designated development area	Meet minimum capital expenditure and job creation requirements, in accordance with City's Tax Abatement Policy (Resolution 201-2021)	Property tax may be abated up to 50 percent (of the increase in value from the year the agreement is executed) for up to 5 years depending on the capital expenditure and jobs created

If any business (other than retail) is located or will locate within a City of Abilene enterprise zone, an additional 5-10% abatement may be available, as individually negotiated, with total abatement not to exceed 100%. Tax abatement may be granted only for the additional value of eligible property improvements made and specified in an abatement agreement between the City and the property. The property tax due is net of the abated amount, or the property tax may be paid by the taxpayer and subsequently refunded by the City.

If the minimum requirements are not met during the period as negotiated in the agreement, the percentage of abatement shall be reduced to the level of abatement at which minimum requirements have been met, and any taxes abated before the adjustment may be recaptured by the City. Current agreements provide that upon failure to comply or default, financial assistance provided shall become immediately due and payable to the City, not to exceed the amount of property taxes abated during the immediately preceding calendar year.

Other commitments made by the City as part of these agreements include the waiver of applicable building permit fees. For the fiscal year ended September 30, 2022, no improvements have been completed to date on any tax abatement agreements and therefore no tax revenues were reduced as a result of these agreements.

NOTE 7: CAPITAL AND RIGHT-TO-USE LEASE ASSETS

Capital and right-to-use lease asset activity for the year ended September 30, 2022, was as follows:

<u>Governmental Activities:</u>	Balance September 30, 2021 as restated *	Additions/ Completions	Retirements/ Adjustments	Transfers	Balance September 30, 2022
Capital assets, not being depreciated:					
Land	\$ 12,581,533	\$ 1,521,470	\$ -	\$ -	\$ 14,103,003
Easements	-	30,769	-	-	30,769
Construction in progress	14,315,140	24,965,133	(8,852,545)	(2,964,265)	27,463,463
Total capital assets, not being depreciated	26,896,673	26,517,372	(8,852,545)	(2,964,265)	41,597,235
Capital assets being depreciated / amortized:					
Buildings and improvements	106,674,747	3,054,807	(789,879)	(8,135,565)	100,804,110
Leasehold improvements	1,678,966	-	-	-	1,678,966
Improvements other than buildings	158,214,440	2,579,364	-	(107,705,145)	53,088,659
Infrastructure	194,632,559	13,124,792	-	-	207,757,351
Machinery and equipment	17,826,763	659,473	-	(1,052,639)	17,433,597
Vehicles	56,187,945	7,778,385	-	(596,188)	63,370,142
Intangible assets	3,556,112	424,400	(11,195)	-	3,969,317
RTU buildings	1,201,155	173,336	-	-	1,374,491
RTU equipment	456,519	71,618	-	-	528,137
Total assets being depreciated / amortized	540,429,206	27,866,175	(801,074)	(117,489,537)	450,004,770
Less: Accumulated depreciation / amortization:					
Buildings and improvements	(31,730,746)	(3,768,976)	52,660	3,501,147	(31,945,915)
Leasehold improvements	(755,535)	(167,896)	-	-	(923,431)
Improvements other than buildings	(69,163,221)	(1,981,478)	-	37,123,843	(34,020,856)
Infrastructure	(95,407,924)	(7,478,310)	-	-	(102,886,234)
Machinery and equipment	(9,041,708)	(1,502,440)	-	693,993	(9,850,155)
Vehicles	(33,396,660)	(3,125,540)	-	285,622	(36,236,578)
Intangible assets	(3,372,538)	(116,818)	11,195	-	(3,478,161)
RTU buildings	-	(159,132)	-	-	(159,132)
RTU equipment	-	(136,192)	-	-	(136,192)
Total accumulated depreciation / amortization	(242,868,332)	(18,436,782)	63,855	41,604,605	(219,636,654)
Total capital and lease assets being depreciated / amortized, net	297,560,874	9,429,393	(737,219)	(75,884,932)	230,368,116
Governmental activities capital and lease assets, net	\$ 324,457,547	\$ 35,946,765	\$ (9,589,764)	\$ (78,849,197)	\$ 271,965,351

* Due to the implementation of GASB Statement 87, the prior fiscal year ending balance for the right-to-use lease assets was restated. This restatement was for \$1,657,674.

<u>Business-Type Activities:</u>	Balance September 30, 2021	Additions/ Completions	Retirements/ Adjustments	Transfers	Balance September 30, 2022
Capital assets, not being depreciated:					
Land	\$ 1,846,948	\$ -	\$ -	\$ -	\$ 1,846,948
Construction in progress	20,001,629	14,397,198	(17,512,750)	220,598	17,106,675
Total capital assets, not being depreciated	21,848,577	14,397,198	(17,512,750)	220,598	18,953,623
Capital assets, being depreciated / amortized:					
Buildings and improvements	243,603,460	3,967,225	-	10,879,232	258,449,917
Improvements other than buildings	251,931,279	20,311,449	-	107,705,145	379,947,873
Machinery and equipment	15,549,153	776,530	-	1,043,791	17,369,474
Vehicles	6,594,905	622,720	(103,855)	605,036	7,718,806
Intangible assets	32,063,372	21,160	-	-	32,084,532
Total assets being depreciated / amortized	549,742,169	25,699,084	(103,855)	120,233,204	695,570,602
Less: Accumulated depreciation / amortization:					
Buildings and improvements	(49,616,036)	(5,247,011)	-	(3,501,149)	(58,364,196)
Improvements other than buildings	(97,051,523)	(9,122,038)	-	(37,123,842)	(143,297,403)
Machinery and equipment	(12,132,979)	(793,159)	-	(692,222)	(13,618,360)
Vehicles	(5,971,251)	(333,310)	103,855	(287,392)	(6,488,098)
Intangible assets	(17,457,969)	(677,188)	-	-	(18,135,157)
Total accumulated depreciation / amortization	(182,229,758)	(16,172,706)	103,855	(41,604,605)	(239,903,214)
Total capital assets being depreciated / amortized, net	367,512,411	9,526,378	-	78,628,599	455,667,388
Business-type activities capital assets, net	389,360,988	23,923,576	(17,512,750)	78,849,197	474,621,011

Construction in progress in the enterprise funds includes various capital projects which are substantially funded by general obligation bonds, certificates of obligation, and federal and state grants. See Note 1 for a description of significant accounting policies related to capital assets. The capital assets of the internal service funds are included in the governmental activities in the government-wide financial statements. Depreciation and amortization expenses were charged to functions of the primary government as follows:

Governmental Activities:

General services and administration	\$ 2,559,011
Infrastructure and development	7,498,189
Public safety	2,908,874
Community Services	2,870,328
Internal Service Funds	2,600,380
Total depreciation and amortization expense - Governmental activities	<u>\$ 18,436,782</u>

Business-Type Activities:

Water and Sewer	\$ 11,520,862
Airport	3,971,993
Solid Waste Services	265,457
Transit	414,394
Total depreciation/amortization expense - Business-type activities	<u>\$ 16,172,706</u>

NOTE 8: LONG-TERM OBLIGATIONS AND AMOUNTS DUE WITHIN ONE YEAR

The following is a summary of changes in long-term obligations for the year ended September 30, 2022:

	Balance at September 30, 2021 as restated *	Additions	Retirements	Balance at September 30, 2022	Due within one year
Governmental Activities:					
Bonds:					
General obligation bonds payable	\$ 76,155,000	\$ -	\$ 6,045,000	\$ 70,110,000	\$ 5,775,000
Certificate of obligation payable	37,545,000	19,900,000	1,910,000	55,535,000	2,180,000
Bond premiums	11,867,578	3,870,370	1,093,519	14,644,429	-
Total bonds payable	<u>125,567,578</u>	<u>23,770,370</u>	<u>9,048,519</u>	<u>140,289,429</u>	<u>7,955,000</u>
Compensated absences	11,061,483	1,421,137	1,394,485	11,088,135	1,210,695
Estimated unpaid claims	5,272,908	11,144,907	11,693,359	4,724,456	1,820,583
Lease liability	1,657,674	244,954	291,196	1,611,432	339,362
Other post employment benefit liability	4,646,336	195,375	-	4,841,711	-
Net pension liability	70,164,142	16,481,904	10,607,131	76,038,915	-
Total Governmental Activities	<u>\$ 218,370,121</u>	<u>\$ 53,258,647</u>	<u>\$ 33,034,690</u>	<u>\$ 238,594,078</u>	<u>\$ 11,325,640</u>
Business Type Activities					
Bonds:					
General obligation bonds payable	\$ 170,275,000	\$ -	\$ 2,190,000	\$ 168,085,000	\$ 4,150,000
Certificate of obligation payable	51,725,000	23,270,000	7,130,000	67,865,000	6,045,000
Bond premiums (discounts)	7,017,072	1,013,452	903,555	7,126,969	-
Total bonds payable	<u>229,017,072</u>	<u>24,283,452</u>	<u>10,223,555</u>	<u>243,076,969</u>	<u>10,195,000</u>
Compensated absences	689,070	401,894	316,810	774,154	250,679
Other post employment benefit liability	1,012,325	50,071	-	1,062,396	-
Net pension liability	2,159,230	-	2,159,230	-	-
Total Business Type Activities	<u>\$ 232,877,697</u>	<u>\$ 24,735,417</u>	<u>\$ 12,699,595</u>	<u>\$ 244,913,519</u>	<u>\$ 10,445,679</u>

* Due to the implementation of GASB Statement 87, the prior fiscal year ending balance was restated to include the lease liability of \$1,657,674.

Governmental Activities

Capital Projects Funds are used to account for the acquisition or construction of capital assets and certain capital assets of proprietary funds (except for Water and Sewer Fund capital assets financed through revenue bonds). The acquisition or construction of water and sewer system capital assets has been funded substantially by the issuance of general obligation and certificates of obligation bonds and intergovernmental revenues. The bond covenants on the general obligation and certificates of obligation bonds sold to fund capital assets of the water and sewer system are secured by future ad valorem tax levies. Although the Water and Sewer Fund is not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding general obligation bonds, the City provides for a portion of the debt service of these bonds from budgeted allocations of surplus water and sewer system net revenues. If such funds are not available, the debt service would be financed from governmental funds.

Payments for the governmental activities general obligation and certificate of obligation bonds payable are made in the Debt Service Fund. Accrued compensated absences that pertain to governmental activities will be liquidated by the General Fund and Special Revenue Funds. The Self Insurance Internal Service Fund will liquidate insurance claims payable that pertain to governmental activities. The other post-employment benefit liability and net pension liability that pertains to the governmental activities will be liquidated mainly by the General Fund.

On October 12, 2021 the City of Abilene issued Certificate of Obligation Bonds, Series 2021A of \$19,900,000 with an interest rate range of 2.0 to 5.0 percent and a final maturity of February 15, 2041. Proceeds from the sale of the Certificates will be used for the public purpose of (a) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage, and including acquiring land and interests in land therefore and (b) to pay for professional services of attorneys, financial advisors and other professionals in the connection with such projects and the issuance of the Certificates.

The City intends to retire all of its general obligation and certificates of obligation bonds, plus interest, from future ad valorem tax levies and is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. The general obligation and certificates of obligation bonds outstanding at September 30, 2022, will be amortized serially each year on dates prescribed by each respective bond ordinance through 2041. Total interest requirement for these bonds, at rates ranging from .463% to 5.9%, aggregate \$41,077,830. \$3,150,358 is available in the Debt Service Fund to service the general obligation and certificates of obligation bonds. All of these bonds are callable on dates prescribed by each respective bond ordinance.

The attorney general of the State of Texas established a practical limitation of \$1.50 per \$100 of assessed valuation on the debt service tax rate levied to service general obligation bonds, including interest. The tax rate to finance the payment of principal and interest on general obligation long-term debt for the year ended September 30, 2022, was \$.1832 per \$100 assessed valuation.

A number of limitations and restrictions are contained in the various general obligation bond indentures. The City is in compliance with all significant limitations and restrictions.

The Capital Projects Fund, with restricted fund balance aggregating \$30,899,544 arise principally from proceeds of general obligation bonds and certificates of obligation sales. These proceeds may be used solely for the designated purposes as stated in the respective bond indenture and prospectus under which such bonds were sold. The City is in compliance with these requirements.

The following is a schedule of the governmental activities General Obligation and Certificates of Obligations bonds outstanding as of 9/30/22:

	Date of Issue	Amount of Original Issue	True Interest Cost	Maturity and Option Dates	Amount Outstanding 09/30/22
General Obligation Bonds	08/01/2007	\$ 1,070,000	5.0467	2-15-27/17	\$ 250,000
General Obligation Bonds	08/15/2015	13,820,000	3.3500	2-15-35/25	2,045,000
General Obligation Bonds	08/15/2015	21,115,000	3.3500	2-15-35/25	5,125,000
Certificates of Obligation	08/15/2015	1,955,000	3.4000	2-15-35/25	1,260,000
General Obligation Bonds	09/01/2016	13,895,000	2.4131	2-15-36/25	7,040,000
General Obligation Bonds	09/01/2016	25,765,000	2.4131	2-15-36/25	19,865,000
Certificates of Obligation	09/01/2016	2,000,000	2.1100	2-15-31/25	1,195,000
General Obligation Bonds	07/01/2017	13,660,000	3.2167	2-15-37/26	11,375,000
Certificates of Obligation	07/01/2017	7,830,000	3.2165	2-15-37/26	6,500,000
General Obligation Bonds	12/01/2017	830,000	2.0893	2-15-35/28	320,000
General Obligation Bonds	07/01/2018	4,880,000	3.4000	2-15-38/28	4,220,000
Certificates of Obligation	07/01/2018	10,215,000	3.4719	2-15-39/28	9,105,000
Certificates of Obligation	07/01/2018	1,615,000	3.4368	2-15-39/28	1,440,000
General Obligation Bonds	12/01/2019	7,315,000	2.7656	2-15-40/30	7,045,000
Certificates of Obligation	12/01/2019	10,745,000	2.7153	2-15-40/30	10,135,000
General Obligation Bonds	07/15/2020	13,255,000	2.2349	2-15-35/29	12,825,000
Certificates of Obligation	10/12/2021	19,900,000	2.2075	2-15-41/30	19,900,000
Certificates of Obligation	09/23/2021	6,000,000	2.5809	2-15-38/26	6,000,000
					<u>\$125,645,000</u>

The following is a maturity schedule for the bonds:

Fiscal Year Ended September 30	Principal	Interest	Total Requirement
2023	\$ 7,955,000	\$ 4,848,155	\$ 12,803,155
2024	7,550,000	4,517,962	12,067,962
2025	7,710,000	4,183,622	11,893,622
2026	7,975,000	3,881,426	11,856,426
2027	7,900,000	3,586,616	11,486,616
2028 - 2032	38,085,000	13,326,814	51,411,814
2033 - 2037	36,985,000	5,968,035	42,953,035
2038 - 2041	11,485,000	765,200	12,250,200
Total	<u>\$ 125,645,000</u>	<u>\$ 41,077,830</u>	<u>\$ 166,722,830</u>

At September 30, 2022, the City had authorized and unissued general obligation bonds of \$300,000 proposed for sanitary landfill purposes which the City has no plans to sell.

Business Type Activities

Water and Wastewater Obligations

On June 1, 2022 the City of Abilene issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2022 of \$23,270,000 with an interest rate range of 4.0 to 5.0 percent and a final maturity of February 15, 2042. Proceeds from the sale of the Certificates will be used for the public purpose of (a) constructing, acquiring, installing and equipping additions, extensions and improvements to the City's waterworks and sewer system, including water treatment improvements, distribution lines, lift and pump stations, water resources and storage facilities, and acquisition of easements and equipment for water treatment improvements and pipelines, and (b) to pay for professional services of attorneys, financial advisors and other professionals in connection with such projects and the issuance of the Certificates.

The following is a schedule of Water and Wastewater Obligation Bonds outstanding as of 9/30/22:

	Date of Issue	Amount of Original Issue	True Interest Cost	Maturity and Option Dates	Amount Outstanding 09/30/22
Certificate of Obligation	12/20/2012	2,500,000	0.94	2-15-33/23	\$ 1,420,000
Certificate of Obligation Bonds	11/01/2014	57,580,000	3.69	2-15-40/24	1,695,000
Certificate of Obligation Bonds	04/01/2015	67,350,000	3.661	2-15-41/25	3,990,000
General Obligation Bonds	09/01/2016	1,890,000	2.413	2-15-36/25	750,000
Certificate of Obligation Bonds	07/01/2017	10,740,000	3.2165	2-15-37/26	8,925,000
General Obligation Bonds	12/01/2017	31,885,000	2.0893	2-15-35/28	29,415,000
Certificate of Obligation Bonds	11/27/2018	18,370,000	1.693375	2-15-39/29	15,865,000
General Obligation Bonds	12/01/2019	73,030,000	3.154238	2-15-40/30	70,155,000
Certificate of Obligation Bonds	12/01/2020	13,185,000	2.715295	2-15-40/30	12,700,000
General Obligation Bonds	07/15/2020	69,570,000	2.234875	2-15-43/31	67,765,000
Certificate of Obligation Bonds	06/01/2022	23,270,000	3.747868	2-15-42/31	23,270,000
					<u>\$235,950,000</u>

The following is a maturity schedule for the above bonds:

Fiscal Year Ended September 30	Principal	Interest	Total Requirement
2023	\$ 10,195,000	\$ 7,256,787	\$ 17,451,787
2024	10,715,000	6,725,729	17,440,729
2025	10,655,000	6,400,706	17,055,706
2026	10,920,000	6,123,158	17,043,158
2027	11,200,000	5,852,988	17,052,988
2028 - 2032	61,355,000	23,924,079	85,279,079
2033 - 2037	71,365,000	13,636,988	85,001,988
2038 - 2042	49,105,000	2,880,632	51,985,632
2043	440,000	5,870	445,870
Total	<u>\$ 235,950,000</u>	<u>\$ 72,806,937</u>	<u>\$ 308,756,937</u>

Defeased Debt

In fiscal year 2020, the City defeased \$137,145,000 of the 2013 General Obligation Bonds, 2015 General Obligation Bonds, 2013 Certificate of Obligation Bonds, 2014 Certificate of Obligation Bonds and 2015 Certificate of Obligation Bonds by placing new bond proceeds in an escrow to provide for future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. As of September 30, 2022, \$110,070,000 of defeased bonds are still outstanding.

NOTE 9: LEASES

City as Lessee

The City has obtained office space, copiers and other equipment through long-term leases. The terms and conditions for these leases varies. These leases are fixed, periodic payments over the lease term, which ranges between 2 -9 years. The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are no agreements that include sale-leaseback and lease-leaseback transactions.

As of September 30, 2022, the City had minimum principal and interest payment requirement for its leasing activities, with a remaining term more than one year as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 339,362	\$ 22,820	\$ 362,182
2024	331,709	17,940	349,649
2025	221,436	13,094	234,530
2026	169,948	9,936	179,884
2027	147,191	7,397	154,588
2028 - 2030	401,786	9,045	410,831
	<u>\$ 1,611,432</u>	<u>\$ 80,232</u>	<u>\$ 1,691,664</u>

City as Lessor

The City leases City-owned properties such as buildings, land and water towers. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term. The City did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-leaseback transactions.

Principal and interest to maturity for the lease receivables at September 30, 2022 are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 125,845	\$ 11,555	\$ 137,400
2024	119,079	9,821	128,900
2025	119,100	8,099	127,199
2026	120,145	6,354	126,499
2027	121,408	4,592	126,000
2028 - 2031	248,202	3,798	252,000
	<u>\$ 853,779</u>	<u>\$ 44,219</u>	<u>\$ 897,998</u>

Fiscal Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 27,825	\$ 2,540	\$ 30,365
2024	31,846	2,128	33,974
2025	32,300	1,674	33,974
2026	32,761	1,213	33,974
2027	33,229	746	33,975
2027 - 2031	27,395	283	27,678
	<u>\$ 185,356</u>	<u>\$ 8,584</u>	<u>\$ 193,940</u>

Regulated Leases

The City does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. Regulated leases include the following:

Airline Use – The City has entered into an Air Carrier Terminal Lease and Operating Agreement with American Airlines for the use of the terminal, gates and baggage claim area. The City and American Airlines entered into a three-year lease effective August 1, 2019, with two one-year extension options, if mutually agreed to by both the City and American Airlines. The revenue recognized for the exclusive use of terminal space during the year ending September 30, 2022 was \$233,389. The revenue recognized for usage-based landing fees for the year ended September 30, 2022 was \$88,787.

Airline Hangar Buildings – The City has entered into several contracts for the lease of hangars located at the Abilene Regional Airport. These contracts have various start dates ranging from 2005 to 2019 and end dates ranging from 2023 to 2042. These contracts include periodic rate adjustments based on CPI. The revenue recognized for these Hangar contracts for the year ended September 30, 2022 was \$102,406.

Fixed Based Operators – The City has entered into several contracts with Fixed Base Operators (FBO) for the lease of certain airport land and buildings. An FBO is a commercial enterprise that provides aeronautical services such as fueling, aircraft parking and storage to the general aviation community, and therefore is considered to be a regulated lease. These contracts have various start dates ranging from 2004 to 2020 and end dates ranges from 2023 to 2044. The revenue recognized for these FBO contracts for the year ended September 30, 2022 was \$235,893.

Expected future minimum lease payments from regulated leases at September 30, 2022 are as follows:

Fiscal Year Ending September 30,	Total
2023	\$ 566,376
2024	500,949
2025	330,637
2026	306,946
2027	306,946
2028 - 2032	985,777
2033 - 2037	657,725
2038 - 2042	635,051
2043 - 2044	201,735
	<u>\$ 4,492,142</u>

NOTE 10: RETIREMENT PLANS

Plan Descriptions

Texas Municipal Retirement System

The City provides pension benefits for all of its eligible employees, except firefighters, through a defined benefit cash-balance plan, one of 901 participating cities, 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 Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for municipal 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 does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at www.tmr.com.

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

Abilene Firemen's Relief and Retirement Fund

The City provides pension benefits, through a single-employer defined benefit plan, for all of its firefighters not covered by the Texas Municipal Retirement System. The Abilene Firemen's Relief and Retirement Fund (AFRRF) is established under the authority of the Texas Local Fire Fighter's Retirement Act (TLFFRA). The fund is administered by a Board of Trustees. The Board is made up of three members elected from and by the fund members, two representatives of the City of Abilene, Texas, and two citizen members. The plan was most recently amended effective December 1, 2019. Audited financial statements are issued by the Plan and can be obtained from the City of Abilene.

All eligible firefighters of the City, not covered by TMRS or any other system or plan, are required to participate in AFRRF.

Benefits Provided

Texas Municipal Retirement System (TMRS) – This plan 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 benefit is calculated based on the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest and their age at retirement and other actuarial factors. The retiring members may select one of seven monthly benefit 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 member's deposits and interest.

Abilene Firemen's Relief and Retirement Fund (AFRRF) – This plan provides retirement, disability, and death benefits. Members hired before February 1, 2019 receive Tier 1 Benefits. A Tier 1 member is eligible for service retirement if they have completed 20 years of credited service and attained the age of 50. A member who retires under the service retirement provision will receive a monthly benefit equal to the sum of a) standard service benefit equal to 3 percent of the member's average monthly salary multiplied by the member's number of years of credited service not in excess of 20 years and b) an additional service benefit calculated as the sum of (i) the member's years of credited service in excess of 20 but not to exceed 21.5 years, multiplied by 3.0 percent of the member's average monthly salary and (ii) \$80.00 multiplied by the member's years of service credit in excess of 21.5. A Deferred Retirement Option Plan (DROP) is available to eligible members with 23 years of service and age 53. Effective February 1, 2019, all future new hires will accrue benefits under a Tier 2 benefit structure. A Tier 2 member is eligible for service retirement if they have completed 20 years of credited service and attained the age of 53. Key provision of the approved Tier 2 benefit structure are listed below:

<u>Benefit</u>	<u>Tier 2</u>
Normal Retirement Age	53 / 20 years of service
AFC Period	5 years
Benefit Accrual Rate	2.75% per year
Maximum Accrual Rate	55% of AFC
Longevity Supplement	\$80/month after 20 years

Effective January 1, 2020, the definition of compensation excludes deployment pay and overtime hours in excess of 288 for purposes of determining the highest average salary. The plans provisions for the City are as follows:

	<u>Texas Municipal Retirement System</u>	<u>Abilene Firemen's Relief and Retirement Fund</u>
Employee deposit rate	7%	15.20% Oct 1 2019
Matching ratio (City to employee)	2 to 1	
City's Contribution		21.25% Oct 1 2019
A member is vested after	5 years	20 years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	Tier 1 50/20 Tier 2 53/20
Updated Service Credit	100% Repeating, Transfers	
Annuity increase to retirees	0% of CPI	0% of CPI

As of the most recent measurement date of the net pension liability, membership data for the pension plans are as follows:

	<u>Texas Municipal Retirement System</u>	<u>Abilene Firemen's Relief and Retirement Fund</u>
Measurement Date	December 31, 2021	October 1, 2022
Retirees and beneficiaries currently receiving benefits	914	192
Inactive employees entitled to but not yet receiving benefits	746	6
Active employees	<u>1,024</u>	<u>192</u>
Total participants	<u>2,684</u>	<u>390</u>

Contributions

Texas Municipal Retirement System (TMRS) – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee total compensation, and the city matching percentages are either 1:1 (1 to 1); 1.5:1 (1 ½ to 1) or 2:1 (2 to 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 Abilene were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.97% and 10.67% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$6,960,209 and were equal to the required contributions.

Abilene Firemen's Relief and Retirement Fund (AFRRF) – The City's contribution rate for fiscal years 2021 and 2022 was 21.25% of each member's gross pay. Of this amount 1.75 percent of pay is dedicated to providing post-retirement benefit increase to inactive members, unless the contribution is needed in order to meet the funding requirements of the plan. Fund members contribution rate was 15.2% of gross pay for fiscal years 2021 and

2022. Employee contributions are “picked up” by the City, as permitted under Section 414(h)(2) of the Internal Revenue Code. For this reason, a members’ contributions are excluded from taxable income when paid into the fund. The City’s contributions to AFRRF for the year ended September 30, 2022 were \$3,758,848 and were equal to the required contribution.

Net Pension Liability

The “Net Pension Liability” (NPL) is the difference between the “Total Pension Liability” (TPL) and the plan’s “Fiduciary Net Position” (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments (COLA’s). In addition, ad hoc COLA’s are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plans.

Texas Municipal Retirement System (TMRS) - 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.

Abilene Firemen’s Relief and Retirement Fund (AFRRF) – The City’s Net Pension Liability (NPL) was measured as of September 30, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of October 1, 2021.

	Texas Municipal Retirement System	Abilene Firemen’s Relief and Retirement Fund
Measurement Date	December 31, 2021	September 30, 2022
Total Pension Liability	\$ 337,557,402	\$ 127,368,380
Fiduciary Net Position	346,668,880	51,329,465
Net Pension Liability (Asset)	<u>\$ (9,111,478)</u>	<u>\$ 76,038,915</u>

Actuarial Assumptions

Texas Municipal Retirement System

The Total Pension Liability 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 were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5 % and 3.0 % 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.

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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	<u>100.0%</u>	

Abilene Firemen's Relief and Retirement Fund

The Total Pension Liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. Update procedures were used to roll forward the total pension liability from the actuarial valuation date to the pension plan's fiscal year-end.

Inflation	2.5% per year
Salary increases	Service based
Discount rate	7.5%
Investment rate of return	7.5%

Mortality rates were based upon the PubS-2010 Mortality Table for Employees, Healthy Retirees, Contingent Survivors and Disabled Retirees. The mortality assumptions for all participants are sex distinct with mortality improvement projected 5 years beyond the valuation date using scale MP-2021 and a base year of 2010.

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

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equities	42.5%	7.50%
International Equities	17.5%	8.50%
Domestic Fixed Income	15.0%	2.50%
Private Fixed Income	2.5%	2.50%
Global Fixed Income	2.5%	3.50%
Private Real Estate	10.0%	4.50%
Infrastructure	5.0%	4.50%
GTAA	5.0%	3.50%
Total	<u>100.0%</u>	

Discount Rate

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

Abilene Firemen's Relief and Retirement Fund (AFRRF) – The discount rate used to measure the Total Pension Liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that City contributions will continue at the negotiated rate of 21.25% of payroll each year. Based on those assumptions, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan 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. For purposes of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 4.77% (based on the weekly rate closest to but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index); and the resulting single discount rate is 7.50%.

Schedule of Changes in the Net Pension Liability

Changes in the City's net pension liability / (asset) presented below are calculated on the same basis as each of the plans. The Change in Net Pension Liability for TMRS and AFRRF for the fiscal year ended September 30, 2022 are as follows:

Texas Municipal Retirement System

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	
Balance at 12/31/2020	\$ 326,606,678	\$ 313,840,317	\$ 12,766,361
Changes for the year:			
Service cost	8,834,189	-	8,834,189
Interest	21,714,515	-	21,714,515
Change in benefit terms	-	-	-
Difference between expected and actual experience	(943,482)	-	(943,482)
Change in assumptions	-	-	-
Contributions - employer	-	6,601,699	(6,601,699)
Contributions - employee	-	4,212,488	(4,212,488)
Net investment income	-	40,856,883	(40,856,883)
Benefit payments, including refunds of employee contributions	(18,654,498)	(18,654,498)	-
Administrative expenses	-	(189,306)	189,306
Other changes	-	1,297	(1,297)
Net changes	10,950,724	32,828,563	(21,877,839)
Balance at 12/31/21	\$ 337,557,402	\$ 346,668,880	\$ (9,111,478)

Abilene Firemen's Relief and Retirement Fund

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	
Balance at 9/30/21	\$ 124,501,851	\$ 64,944,840	\$ 59,557,011
Changes for the year:			
Service cost	2,741,060	-	2,741,060
Interest	9,202,818	-	9,202,818
Change in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Contributions - employer	-	3,758,848	(3,758,848)
Contributions - employee	-	2,688,258	(2,688,258)
Net investment income	-	(10,880,614)	10,880,614
Benefit payments, including refunds of employee contributions	(9,077,349)	(9,077,349)	-
Administrative expenses	-	(104,518)	104,518
Net changes	2,866,529	(13,615,375)	16,481,904
Balance at 9/30/22	\$ 127,368,380	\$ 51,329,465	\$ 76,038,915

Sensitivity of the net pension liability / (asset) to changes in the discount rate

The following presents the net pension liability / (asset) for each of the City's plans, calculated using the discount rate, as well as what the City's net pension liability / (asset) would have been if it were calculated using a discount rate that is 1-percentage-point lower and 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate Assumption	1% Increase in Discount Rate
	5.75%	6.75%	7.75%
TMRS - Net pension liability (asset)	\$ 32,312,214	\$ (9,111,478)	\$ (43,612,491)
	6.50%	7.50%	8.50%
AFRRF - Net pension liability	\$ 90,368,063	\$ 76,038,195	\$ 63,953,462

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' Fiduciary Net Position is available in a separately-issued TMRS financial report which may be obtained on the Internet at www.tmr.com and a AFRRF financial report which may be obtained from the Abilene Firemen's Relief and Retirement Fund, 102 Cedar St., Suite 100, Abilene, Texas 79601.

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

For the year ended September 30, 2022, the City recognized total pension expense of \$5,560,488. Pension expense reduction recognized for the TMRS plan was \$(2,333,454) and the pension expense for the AFRRF was \$7,893,942.

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

	Texas Municipal Retirement System	Abilene Firemen's Relief and Retirement Fund	Total
Deferred Outflow s of Resources			
Contributions subsequent to the measurement date	\$5,043,411	\$ -	\$5,043,411
Difference between projected and actual investment earnings	-	9,311,995	9,311,995
Changes in actuarial assumptions	204,451	2,849,083	3,053,534
Total Deferred Outflow s of Resources	\$5,247,862	\$12,161,078	\$17,408,940
Deferred Inflow s of Resources			
Difference between projected and actual investment earnings	\$20,951,730	\$ -	\$20,951,730
Differences between expected and actual experience	989,596	1,309,430	2,299,026
Total Deferred Inflow s of Resources	\$21,941,326	\$1,309,430	\$23,250,756

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,043,411 will be recognized as a reduction of the net pension liability or an increase to the net pension asset for the measurement year ending December 31, 2022 (i.e. recognized in the city's financial statements September 30, 2023).

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	Texas Municipal Retirement System	Abilene Firemen's Relief and Retirement Fund
2023	\$ (3,856,118)	\$ 3,103,551
2024	(9,364,552)	2,522,786
2025	(4,581,674)	2,423,293
2026	(3,934,531)	2,940,793
2027	-	(138,775)
Thereafter	-	-
Total	\$ (21,736,875)	\$ 10,851,648

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS

Supplemental Death Benefits Plan

Texas Municipal Retirement System (TMRS) administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide supplemental death benefits for their active members with optional coverage for their retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the member's annual salary (calculated based on the member's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$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).

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based upon 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.

Membership

As of the most recent actuarial valuation of the total OPEB liability, membership data is as follows:

Actuarial Valuation Measurement Date	December 31, 2021
Inactive employees currently receiving benefits	736
Inactive employees entitled to but not receiving benefits	198
Active employees	<u>1,024</u>
Total	<u>1,958</u>

Total OPEB Liability and Summary of Actuarial Assumptions:

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The total OPEB liability was based upon an actuarial valuation 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. A summary of the actuarial assumptions is listed below:

Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Discount rate*	1.84%
Retiree's share of benefit-related costs	\$0.00
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

Changes in Total OPEB Liability

Changes in the City's total OPEB liability for the fiscal year ended September 30, 2022 are as follows:

Changes in the Total OPEB Liability	
Total OPEB Liability - beginning of year December 31, 2020 *	\$ 5,658,661
Changes for the year	
Service Cost	228,678
Interest on Total OPEB Liability	113,956
Changes of benefit terms	-
Difference between expected and actual experience	(116,819)
Changes in assumptions or other inputs	170,077
Benefit payments **	(150,446)
Net changes	<u>245,446</u>
Total OPEB Liability - end of year December 31, 2021 *	<u>\$ 5,904,107</u>

* The dates listed are based upon the actuarial valuation date.

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

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

The following presents the total OPEB liability, calculated using the discount rate, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1-percentage-point lower and 1-percentage-point higher than the current rate:

1% Decrease	Current Discount Rate	1% Increase
0.84%	1.84%	2.84%
\$7,144,764	\$5,904,107	\$4,947,270

OPEB Expense

For the fiscal year ended September 30, 2022, the City recognized total OPEB expense of \$551,235. OPEB expenses recognized is as follows:

OPEB Expense	
Service Cost	\$ 228,678
Interest on total OPEB liability	113,956
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflow s/inflow s of resources	
Differences between expected and actual experience	(127,979)
Changes in assumptions or other inputs ⁽¹⁾	336,580
Total OPEB expense	<u>\$ 551,235</u>

(1) Generally, this will only be the annual change in the municipal bond index rate.

Schedule of Deferred Outflows and Inflows of Resources

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

	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Differences between expected and actual experience	\$ -	\$ (299,095)
Changes in assumptions and other inputs	815,375	(48,304)
Contributions made subsequent to measurement date	113,441	-
Total	<u>\$ 928,816</u>	<u>\$ (347,399)</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$113,441, will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2022 (i.e. recognized in the city's financial statements September 30, 2023).

Other amounts reported as deferred outflows of resources related to OPEB at September 30, 2022 will be recognized in OPEB expense as follows:

	Deferred Outflow s / (Inflow s) of Resources
Year ended September 30:	
2023	\$163,989
2024	209,802
2025	85,585
2026	8,600
Total	<u>\$467,976</u>

NOTE 12: SELF-INSURANCE

The City has established a Self-Insurance Fund to separately report the activities of the City's general and police professional liability, health, life and property insurance, and worker's compensation plans.

General and Professional Liability

During the current year, the City's liability insurance was a "self-insured" retention for loss plan. The City has a liability insurance policy for bodily injury and property damage for the airport through Texas Municipal League Intergovernmental Risk Pool (TMLRP). The airport insurance coverage is \$1,000,000 per occurrence. The City has general liability, law enforcement liability, and error & omissions liability coverage through TMLRP at \$2,000,000 per occurrence. The City informally budgets for current claims based on actuarial valuations and historical data. The City incurred \$161,618 for liability claims and paid \$359,795 for liability insurance premiums for the year ended September 30, 2022. The City remains self-insured in regards to general and professional liability for claims under \$50,000 per occurrence.

Health Insurance

The City's health insurance program is a "self-insured" minimum premium cash flow plan. The City and each covered employee make a pre-determined monthly contribution to the plan. All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan, and the City reimburses the insurance company for the amount of each claim paid. The insurance company charges the City a fee for each claim processed. The insurance company also secures bids for aggregate and individual stop loss coverage. The City informally budgets for current claims, administrative costs, and stop loss coverage based on actuarial valuations and current health care statistics. Prescriptions for medication are covered through a self-insured prescription card. Under this plan, the card holder pays one pre-set co-payment for generic medications and a higher co-payment for name brand drugs with the City paying the difference, thereby sharing the cost between the City and the card holder. Funding covers both the cost of claims and administrative expenses. The City paid \$10,178,993 in health and prescription claims and paid \$637,505 for administrative costs for the year ended September 30, 2022. The City contributed \$7,999,938 and City employees contributed \$3,033,714 to the health insurance program for the year ended September 30, 2022. Retirees and other agency contributions were \$194,107 for the year ended September 30, 2022.

Estimated health claims that have been incurred but not reported are accrued at year end. The estimated liability for health claims is \$857,921 at September 30, 2022. The estimated liability for health claims is based upon historical claims experience. All of the health claims liability is expected to be paid within one year. The following is a walkforward of the activity in the estimated liability account for the years ended September 30, 2020, 2021 and 2022:

	Accrued Liability Beginning of Year	Claims Expense	Payments	Accrued Liability End of Year
Estimated health claims:				
2020	\$ 795,052	\$ 11,588,504	\$ 11,431,700	\$ 951,856
2021	951,856	8,630,511	8,574,326	1,008,041
2022	1,008,041	10,028,873	10,178,993	857,921

Life Insurance

The City's employee life insurance program is administered by an independent insurance company. The City collects premium payments from employees and retirees electing to participate in the program and remits these premium payments to the insurance company. Life insurance premiums collected and remitted for employees and retirees amounted to \$18,035 and \$111, respectively, for the year ended September 30, 2022.

Property Insurance

The City's property insurance program through TMLIRP included a blanket property insurance policy of \$400,252,405 for buildings, contents and equipment with a \$250,000 deductible and a \$5,000,000 limit for flood and earthquake loss. In addition, the City maintained \$100,000 coverage on boiler and building machinery, with a \$50,000 deductible and \$9,397,810 of coverage on mobile equipment with a deductible of \$250,000. Automobile physical damage coverage of \$20,110,124 was maintained on the fleet with a deductible of \$250,000. The City paid \$751,838 in property insurance premiums and \$276,224 for property claims for the year ended September 30, 2022. The following is a walkforward of the activity in the estimated liability account for the year ended September 30, 2020, 2021 and 2022:

	Accrued Liability Beginning of Year	Claims Expense	Payments	Accrued Liability End of Year
Estimated liability claims:				
2020	\$ 775,000	\$ -	\$ 775,000	\$ -
2021	-	305,916	305,916	-
2022	-	276,224	276,224	-

Workers' Compensation

The City's workers' compensation plan is part of the Texas Municipal League Intergovernmental Risk Pool ("TMLIRP") in which the City is a member (however, the City is responsible only for claims of the City). TMLIRP reviews and processes all worker's compensation claims. The City maintains a \$1,000,000 per occurrence retention and informally budgets for current claims based on actuarial valuations and historical data. The City paid \$1,238,142 in worker's compensation claims for the year ended September 30, 2022, and \$194,044 in administrative and other charges. Estimated liability claims that have been incurred but not reported are accrued at year end. The estimated liability for worker's compensation claims is \$3,866,535 at September 30, 2022. The estimated liability claims are based upon historical claims experience as well as expected known claims.

The following is a walkforward of the activity in the estimated liability account for the years ended September 30, 2020, 2021 and 2022:

	Accrued Liability Beginning of Year	Claims Expense	Payments	Accrued Liability End of Year
Estimated liability claims:				
2020	\$ 3,413,535	\$ 2,124,170	\$ 1,264,823	\$ 4,272,882
2021	4,272,882	1,408,382	1,416,397	4,264,867
2022	4,264,867	839,810	1,238,142	3,866,535

Summary

The Self-Insurance Fund net position was \$1,869,477 at September 30, 2022.

There were no significant reductions in insurance coverage from coverage in the previous year. The amounts of settlements incurred during the year were covered by available self-insurance funds under stop loss limits and deductibles and insurance coverage above the stop loss limits and deductibles. There were no settlements which exceeded the maximum insurance coverage in the past three years.

NOTE 13: DEFICITS IN FUND BALANCE / NET POSITION

At September 30, 2022, the following funds of the City had deficit balances:

Special Revenue Funds:	
HOME	(\$3,148)
Transportation Planning	(\$40)

Funds were available from other sources; therefore no adverse effect to the Special Revenue fund is anticipated.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances in the fund financial statements, specifically the due to and due from other funds, are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. Interfund balances, specifically advances to and from other funds, are longer-term loans to cover Council directed internal financing of certain projects. The following amounts of due to other funds or due from other funds are included in the fund financial statements:

	Due From Other Funds	Due To Other Funds
General Fund:		
Major Governmental Fund	\$ 25,400	\$ -
Nonmajor Governmental Funds	2,508,655	-
Major Enterprise Fund	5,475	-
Nonmajor Enterprise Fund	2,965,288	-
Total General Fund	5,504,818	-
Major Governmental Fund		
General Fund	-	25,400
Total Major Governmental Funds	-	25,400
Nonmajor Governmental Funds:		
General Fund	-	2,508,655
Total Nonmajor Governmental Funds	-	2,508,655
Enterprise Funds		
Major Enterprise Fund		
General Fund	-	5,475
Total Major Enterprise Funds	-	5,475
Nonmajor Enterprise Funds:		
General Fund	-	2,965,288
Total Nonmajor Enterprise Funds	-	2,965,288
Total Enterprise Funds	-	2,970,763
Total All Funds	\$ 5,504,818	\$ 5,504,818

NOTE 15: INTERFUND TRANSFERS

Interfund transfers relate to the funding of deficits by the general fund to the health services fund, transportation planning fund, transit fund, self-insurance fund, and excess amounts to the general fund from the solid waste services fund. Transfers were also made 1) from the general fund to fund several capital projects and 2) from the water fund (capital assets) to the internal service fund. The matching requirements for various grants are also transferred to the related project fund. The airport fund also received \$3,090,483 capital improvements from the capital project fund. Transfers for the year ended September 30, 2022 are as follows:

	Transfer In	Transfer Out
General Fund:		
Capital Project Fund	\$ -	\$ 10,639,062
Nonmajor Governmental Funds	1,357,823	2,696,440
Water Enterprise Fund	-	85,164
Airport Enterprise Fund	-	13,918
Solid Waste Enterprise Fund	2,500,000	34,010
Nonmajor Enterprise Fund	-	1,721,094
Internal Service Fund	-	650,507
Total General Fund	3,857,823	15,840,195
Capital Project Fund		
General Fund	10,639,062	-
Capital Project Fund	2,888,088	2,888,088
Nonmajor Governmental Funds	8,206,871	523
Water Enterprise Fund	485,449	6,294
Solid Waste Enterprise Fund	-	194
Nonmajor Enterprise Fund	21,524	1,356
Internal Service Funds	126,728	56,375
Total Capital Project Fund	22,367,722	2,952,830
Nonmajor Governmental Funds:		
General Fund	2,696,440	1,357,823
Capital Project Fund	523	8,206,871
Solid Waste Enterprise Fund	29,210	-
Airport Enterprise Fund	471,155	-
Total Nonmajor Governmental Funds	3,197,328	9,564,694
Enterprise Funds		
Water Enterprise Fund		
General Fund	85,164	-
Capital Project Fund	6,294	485,449
Internal Service Funds	-	462,227
Airport Enterprise Fund		
General Fund	13,918	-
Nonmajor Governmental Funds	-	471,155
Solid Waste Enterprise Fund		
General Fund	34,010	2,500,000
Capital Project Fund	194	-
Nonmajor Governmental Funds:	-	29,210
Internal Service Funds	-	756,802
Nonmajor Enterprise Funds:		
General Fund	1,721,094	-
Capital Project Fund	1,356	21,524
Internal Service Funds	-	32,054
Total Enterprise Funds	1,862,030	4,758,421
Internal Service Funds:		
General Fund	650,507	-
Capital Project Funds	56,375	126,728
Water Enterprise Fund	1,219,029	-
Nonmajor Enterprise Funds:	32,054	-
Total Internal Service Funds	1,957,965	126,728
Total All Funds	\$ 33,242,868	\$ 33,242,868

NOTE 16: LITIGATION

At September 30, 2022, the City is involved in various lawsuits pending against the City. These lawsuits generally involve claims relating to general liability, automobile liability, civil rights actions and various contractual matters. Any settlements arising out of these lawsuits will be paid from the Self-Insurance Fund. In the opinion of management, any liabilities resulting from such suits would not have a material adverse effect on the City's financial statements.

NOTE 17: DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

Development Corporation of Abilene (DCOA)

Significant Accounting Policies

The Development Corporation of Abilene (DCOA), which is a discretely presented component unit of the City, is presented on the accrual basis of accounting in the government-wide financial statements.

DCOA's cash balances consist solely of demand deposits.

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

Buildings and improvements	30-50 years
Machinery and equipment	3-15 years
Improvements other than buildings	10-30 years

DCOA had nine employees as of September 30, 2022. DCOA has an agreement with the City to manage and account for the pension expenses related to their involvement in the Texas Municipal Retirement System (TMRS) and employee healthcare benefits (group health vision, dental, FSA/HSA, etc.)

Cash and Cash Equivalents

Cash and cash equivalents at September 30, 2022 include demand deposits and money markets in DCOA's name. Demand deposits and money markets of \$18,370,146 with a book value of \$17,908,806 in DCOA's name are entirely covered by FDIC insurance and pledged collateral held by DCOA's agent.

Investment

Investments at September 30, 2022 include U.S. Treasury Securities in the amount of \$13,624,524. These securities are classified as Level 1 in the valuation hierarchy.

Accounts Receivable

Receivable at September 30, 2022 including applicable allowances for uncollectible accounts, consist of the following:

Receivables:	
Sales tax	\$ 2,613,127
Accrued interest	81,280
Notes receivable	20,324,743
Other	178,155
Gross receivables	<u>23,197,305</u>
Less allowance for doubtful accounts	<u>(2,107,089)</u>
Net total receivables	<u>\$ 21,090,216</u>

Lease Receivable

DCOA leases a portion of its property to various companies and businesses who use the space to conduct their operations, the terms of which expire 2023 through 2047. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. DCOA recognized \$1,676,320 in lease revenue and \$233,831 in interest revenue during the current fiscal year related to these leases. As of September 30, 2022, DCOA receivable for lease payments was \$26,120,456. Also, DCOA has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2022, the balance of the deferred inflow of resources was \$26,023,174.

DCOA recognized lease revenue of approximately \$400,000 as of September 30, 2022 for variable payments not previously included in the measurement of the lease receivable.

The following is a schedule by year of minimum payments to be received under DCOA's leases that are included in the measurement of the lease receivable as of September 30, 2022:

Fiscal Year	Principal	Interest	Total
2023	\$ 2,687,179	\$ 384,155	\$ 3,071,334
2024	2,027,105	350,145	2,377,250
2025	2,090,971	320,278	2,411,249
2026	2,128,463	289,586	2,418,049
2027	2,173,520	258,102	2,431,622
2028-2032	10,898,092	798,886	11,696,978
2033-2037	1,339,480	346,769	1,686,249
2038-2042	1,480,232	206,018	1,686,250
2042-2047	1,295,414	53,586	1,349,000
	<u>\$ 26,120,456</u>	<u>\$ 3,007,525</u>	<u>\$ 29,127,981</u>

GASB No. 87 Excluded Leases – Regulated

In accordance with GASB No. 87, DCOA does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and aeronautical users. Regulated leases include hangars and space in the terminal building, as well as land leases used for aeronautical purposes. The revenue recognized for these leases during the year ended September 30, 2022 was \$226,032.

Future minimum lease payments for regulated leases are as follows:

Fiscal Year	Amount
2023	\$ 75,307
	<u>\$ 75,307</u>

Capital Assets

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

	Balance September 30, 2021	Additions/ Completions	Decreases/ Transfers	Balance September 30, 2022
Capital assets, not being depreciated:				
Land	\$ 2,715,873	\$ -	\$ -	\$ 2,715,873
Construction in Progress	511,906	572,190	(1,043,384)	40,712
Total capital assets, not being depreciated	<u>3,227,779</u>	<u>572,190</u>	<u>(1,043,384)</u>	<u>2,756,585</u>
Capital assets, being depreciated:				
Buildings and improvements	25,230,356	-	-	25,230,356
Improvements other than buildings	20,890,020	-	1,043,384	21,933,404
Machinery and equipment	7,264	-	-	7,264
Vehicles	70,862	-	-	70,862
Total assets being depreciated	<u>46,198,502</u>	<u>-</u>	<u>1,043,384</u>	<u>47,241,886</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,834,343)	(642,077)	-	(9,476,420)
Improvements other than buildings	(5,227,869)	(769,363)	-	(5,997,232)
Machinery and equipment	(5,085)	(1,453)	-	(6,538)
Vehicles	(47,931)	(9,173)	-	(57,104)
Total accumulated depreciation	<u>(14,115,228)</u>	<u>(1,422,066)</u>	<u>-</u>	<u>(15,537,294)</u>
Total capital assets being depreciated, net	<u>32,083,274</u>	<u>(1,422,066)</u>	<u>1,043,384</u>	<u>31,704,592</u>
Capital assets, net	<u>\$ 35,311,053</u>	<u>\$ (849,876)</u>	<u>\$ -</u>	<u>\$ 34,461,177</u>

Depreciation expense for the fiscal year ending September 30, 2022 totaled \$1,422,066.

Long-term liabilities

The following is a summary of DCOA's changes in long-term liabilities for the year ended September 30, 2022:

	Balance at September 30, 2021	Additions	Retirements	Balance at September 30, 2022	Due within one year
Governmental Activities:					
Compensated absences	\$ 90,537	\$ 53,149	\$ (66,335)	\$ 77,351	\$ 7,735
Total Governmental Activities	<u>\$ 90,537</u>	<u>\$ 53,149</u>	<u>\$ (66,335)</u>	<u>\$ 77,351</u>	<u>\$ 7,735</u>

Commitments

The following is a summary of DCOA's commitments at September 30, 2022:

Project	Balance Committed
Eagle Aviation Service Inc. De-Fuel Truck	\$ 11,910
Lancium	2,500,000
Texas State Technical College New Abilene Campus	2,220,400
Marigold and Fulwiler Street Upgrade	3,706,438
City Street Maintenance Fund	3,541,850
ACU Next Lab	2,930,000
Hendrick Medical Center	1,540,000
Access Great Lakes Cheese Development	640,347
Great Lakes Cheese - Job Creation	22,000,000
United Ag & Turf (formerly Quality Implement)	250,000
Defense Economic Adjustment Assistance Grant - Dyess Security Center	9,292
Economic Development Operating Division	672,253
	<u>\$ 40,022,490</u>

ABILENE CONVENTION CENTER HOTEL DEVELOPMENT CORPORATION (ACCHDC)

Significant Accounting Policies

The Abilene Convention Center Hotel Development Corporation (ACCHDC), which is a discretely presented component unit of the City, is presented on the accrual basis of accounting in the government-wide financial statements.

Cash Equivalents and Investments

For purposes of the statement of cash flow, ACCHDC considers cash on hand, cash in banks, money market mutual funds, and investments with original maturities of three months or less to be cash equivalents.

The investments of ACCHDC are governed by the Texas Public Funds Investment Act, City of Abilene investment policy, and the bond indenture. In accordance with this policy, ACCHDC may invest in obligations of or guaranteed by the United States government and its agencies and instrumentalities with a readily determinable market value, fully collateralized certificates of deposit, local government investment pools, and no-load money market mutual funds, all of which are authorized by state law.

The money market fund is measured using the amortized cost method of valuation to transact at a \$1.00 share price with the net asset value of the fund normally expected to be \$1 per share.

The ACCHDC maintained the following cash equivalents and investments balances at September 30, 2022:

Investment Type	Value	Weighted Average Maturity (Years)
Cash in bank	\$ 40,925	-
First American Government Obligation Fund Class X (money market mutual fund)	31,240,031	0.05
Total cash equivalents and investments	<u>\$31,280,956</u>	
Portfolio weighted average maturity in years:		0.05

Interest Rate Risk and Concentration Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. In accordance with the bond indenture, funds are held in trust with U.S. Bank and invested as directed by ACCHDC. Funds are invested in permitted investments maturing no later than the date required for their specified purpose.

The percentage of each individual investment in total investment assets are stated below.

Investment Type	Value	% of Total Portfolio
First American Government Obligation Fund Class X (money market mutual fund)	\$31,240,031	100%
Total investments	\$31,240,031	100%

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. This type of risk is typically expressed in terms of credit ratings issued by a nationally recognized statistical rating organization. The ACCHDC reduces credit risk by limiting investments to those instruments allowed by the Texas Public Funds Investment, City of Abilene investment policy, and the bond indenture. The First American Government Obligation Fund Class X held a credit rating of AAAM by Standard & Poor's as of September 30, 2022.

Custodial Credit Risk

The ACCHDC's demand deposits had a carrying value of \$40,925 at year end and are entirely covered by FDIC insurance and pledged collateral held in ACCHDC's name by the agent. Obligations that may be pledged as collateral are as follows:

1. Obligations of the U.S. or its agencies and instrumentalities.
2. Direct obligations of the state, agencies, counties, cities and other political subdivisions of the state of Texas rated as to investment quality by a nationally recognized investment firm not less than A or its equivalent.

Restricted Assets

Certain proceeds of hotel revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position due to their use being limited by applicable bond covenants.

Bond Premiums

Bond premiums are included in the carrying amount of the bonds, and amortized as a component of interest expense over the applicable term of the bonds using the effective interest method.

Capital Assets

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

	Balance September 30, 2021	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2022
Capital assets, not being depreciated:				
Construction in Progress	\$ 3,021,416	\$ 20,493,586	\$ -	\$ 23,515,002
Total capital assets, not being depreciated	3,021,416	20,493,586	-	23,515,002
Capital assets, net	\$ 3,021,416	\$ 20,493,586	\$ -	\$ 23,515,002

Long-Term Debt

The changes in the ACCHDC long-term liabilities for the year ending September 30, 2022 are as follows:

	Restated balance at September 30, 2021	Additions	Retirements	Balance at September 30, 2022	Due Within One Year
Hotel Revenue Bonds	\$ 43,045,000	\$ -	\$ -	\$ 43,045,000	\$ -
Note Payable	2,520,000	-	-	2,520,000	-
Bond Premiums	2,862,877	-	95,429	2,767,448	-
Total Long-term Debt	\$ 48,427,877	\$ -	\$ 95,429	\$ 48,332,448	\$ -

On November 7, 2019 the ACCHDC entered into an economic development agreement with the City of Abilene. Under the terms of the agreement, the City agreed to provide a cash contribution in an amount of \$2,520,000 to be used by ACCHDC for payment of its portion of the development

phase of the downtown convention center hotel project. When all of ACCHDC's bond issuance obligations have been repaid, ACCHDC will repay the City, from its net operating income the \$2,520,000 contribution.

On September 23, 2021, the ACCHDC issued its \$19,435,000 First-Lien Hotel Revenue Bonds, Series 2021A and \$23,610,000 Second-Lien Hotel Revenue Bonds, Series 2021B. The proceeds for the Series 2021 Bonds, together with other sources of funds, including the Hotel Equity Contribution will be used to (a) finance the costs required to design, develop, construct, equip, furnish and open a full-service upscale hotel, having approximately 200 rooms to include guestrooms and suites, appropriate support facilities such as a restaurant(s), a lounge(s), or bar(s), supporting back-of-the-house areas, and food preparation facilities (to the extent not constructed as City facilities), together with such other amenities and features characteristic of a full-service convention center hotel (the "Hotel"); (b) fund capitalized interest (which is intended to cover the period commencing with the date of issuance of the Series 2021 Bonds through six months following the Opening Date of the project); (c) fund debt service reserve funds for the Series 2021 Bonds; (d) fund certain pre-opening expenses; and (e) pay certain costs of issuing the Series 2021 Bonds. The City facilities will be funded with the proceeds of certificates of obligation (secured by the City's ad valorem tax revenues) issued by the City, the City Facilities Equity Contribution, and other available funds of the City.

The following is a schedule of Hotel Revenue Bonds outstanding as of September 30, 2022:

	Date of Issue	Amount of Original Issue	True Interest Cost	Maturity and Option Dates	Amount Outstanding 9/30/21
Hotel Revenue Bond, Series 2021A First-Lien Bonds	09/23/2021	\$ 19,435,000	3.463398%	10-1-50/31	\$ 19,435,000
Hotel Revenue Bond, Series 2021B Second-Lien Bonds	09/23/2021	23,610,000	4.711933%	10-1-50/31	23,610,000
					<u>\$ 43,045,000</u>

The future maturities of the bond principal and interest requirements as of September 30, 2022 are as follows:

Fiscal Year Ended September 30	Principal	Interest	Total Requirement
2023	\$ -	\$ 1,872,775	\$ 1,872,775
2024	-	1,872,775	1,872,775
2025	205,000	1,870,212	2,075,212
2026	730,000	1,856,213	2,586,213
2027	750,000	1,832,994	2,582,994
2028 - 2032	4,510,000	8,766,844	13,276,844
2033 - 2037	6,080,000	7,740,200	13,820,200
2038 - 2042	8,295,000	6,116,775	14,411,775
2043 - 2047	11,090,000	3,921,700	15,011,700
2048 - 2052	11,385,000	1,075,675	12,460,675
	<u>\$ 43,045,000</u>	<u>\$ 36,926,163</u>	<u>\$ 79,971,163</u>

Commitments

As of September 30, 2022, the Abilene Convention Center Hotel Development Corporation had outstanding commitments of \$19,976,020 for its portion of the construction phase of the downtown convention center hotel project.

Prior period adjustment

Subsequent to the issuance of the September 30, 2021 financial statements, an error was identified relating to the agreement with the City for cash contributions for the payment of ACCHDC's portion of the development phase of the downtown convention center hotel project. According to the agreement, the contribution of \$2,520,000 is to be repaid to the City from ACCHDC's net operating income when all of its bond issuance obligations have been repaid. To correct the error, the beginning net position has been restated:

	September 30, 2021 as previously reported	Adjustment	September 30, 2021 as restated
Net Position	<u>\$9,184,835</u>	<u>(\$2,520,000)</u>	<u>\$6,664,835</u>

The 2021 financial statements of ACCHDC reported a change in net position of \$7,682,500 but it should have been \$5,162,500.

NOTE 18: COMMITMENTS AND CONTINGENCIES

Federally Assisted Programs - Compliance Audits

The City participates in numerous federally-assisted programs, on both a direct and state pass-through basis, as well as on a service-provider basis. Principal among these grants are Community Development Block Grants, Home Investment Partnership, Health Services, Airport Improvements, Emergency Management and Transportation Grants. In connection with these grants, the City is required to comply with specific terms and agreements as well as applicable Federal and State laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives. In the opinion of management, the City has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of any disallowance of claimed expenditures, the City expects the resulting liability to be immaterial.

Encumbrances

As discussed in Note 2, Stewardship, Compliance and Accountability, budgetary control for budgetary purposes includes the impact of encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. At September 30, 2022, there were outstanding encumbrances in the General fund of \$684,169.

Construction Commitments

The City has active construction and information technology projects at fiscal year end. The key projects in progress include improvements to transportation infrastructure, water and wastewater systems, park system, city facilities and the downtown convention center development.

At fiscal year end, the City's commitments with contractors and vendors are as follows:

Capital Projects	Spent-to-date	Remaining Commitments
Governmental Activities:		
Public safety	\$ 71,232	\$ 1,289,765
Streets and traffic	5,587,552	3,669,110
Public recreation and cultures	1,419,742	4,314,095
Building improvements	3,602,194	1,201,395
Downtown convention center development	16,222,258	12,935,380
Software	279,986	1,278,598
Business-Type Activities:		
Water and Sewer	15,339,163	27,148,654
Airport construction	1,745,012	325,250
Total	<u>\$ 44,267,139</u>	<u>\$ 52,162,247</u>

These commitments will be funded through unspent bond proceeds, capital grants and unrestricted cash.

NOTE 19: NEW PRONOUNCEMENTS

The GASB has issued the following statements which will become effective in future years.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for financial statements that ends June 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for financial statements starting with the fiscal year that ends June 30, 2023.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – Amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement are effective for financial statement for fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

The City will fully analyze the impact of these new Statements prior to the effective dates for the Statements listed above.

NOTE 20: RESTATEMENT OF PREVIOUSLY REPORTED NET POSITION AND FUND BALANCE

Change in Reporting Entity

Previously, the City presented the airport as part of the general fund. On October 1, 2021, management took the position that the airport should cover its operating costs with charges to customers and related operating grants and should be treated as a business type activity going forward. The previously reported fund balance / net position of the airport as of September 30, 2021 was moved into the net position of a stand-alone enterprise fund and the net position of the government-wide business type activities. The effect of these changes made to the accompanying balance sheet and statement of net position (government-wide and fund financial statements) as of September 30, 2021 is presented below.

The effect of the above item on to the accompanying balance sheet, statements of net position (government-wide and fund financial statements) and cash flows as of September 30, 2021 is presented below.

	September 30, 2021 previously reported	Adjustments for Change in Reporting Entity	September 30, 2021 as restated
Government-wide			
Net Position			
Governmental Activities	\$ 233,640,724	\$ (78,816,074)	\$ 154,824,650
Business-Type Activities	236,918,877	78,816,074	315,734,951
	<u>\$ 470,559,601</u>	<u>\$ -</u>	<u>\$ 470,559,601</u>
Governmental Funds			
Fund Balance			
General Fund	\$ 35,983,580	\$ -	\$ 35,983,580
Capital Project Fund	61,572,631	(2,924,064)	58,648,567
Nonmajor governmental funds	11,492,270	-	11,492,270
Total Government Funds	<u>\$ 109,048,481</u>	<u>\$ (2,924,064)</u>	<u>\$ 106,124,417</u>
Enterprise Funds			
Net Position			
Water and Sewer	\$ 228,340,222	\$ -	\$ 228,340,222
Airport	-	78,816,074	78,816,074
Solid Waste	6,179,049	-	6,179,049
Nonmajor enterprise funds	3,779,384	-	3,779,384
Total Enterprise Funds	<u>\$ 238,298,655</u>	<u>\$ 78,816,074</u>	<u>\$ 317,114,729</u>
Enterprise Funds			
Cash and Cash Equivalents			
Water and Sewer	\$ 62,856,405	\$ -	\$ 62,856,405
Airport	-	3,002,295	3,002,295
Solid Waste	4,679,172	-	4,679,172
Nonmajor enterprise funds	1,805,756	-	1,805,756
Total Enterprise Funds	<u>\$ 69,341,333</u>	<u>\$ 3,002,295</u>	<u>\$ 72,343,628</u>



APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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Proposed Form of Opinion of Bond Counsel

*An opinion in substantially the following form will be delivered by McCall,
Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the
Bonds, assuming no material changes in facts or law.*

**CITY OF ABILENE, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2023
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____**

AS BOND COUNSEL FOR THE CITY OF ABILENE, TEXAS (the “Issuer”) in connection with the issuance of the bonds described above (the “Bonds”), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (the “Ordinance”).

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including the executed Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued, and delivered in accordance with law; and that the Bonds, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors’ rights generally or by general principles of equity and sovereign immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

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

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



WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

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

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

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

Respectfully,

Proposed Form of Opinion of Bond Counsel

*An opinion in substantially the following form will be delivered by McCall,
Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the
Certificates of Obligation, assuming no material changes in facts or law.*

**CITY OF ABILENE, TEXAS
COMBINATION TAX AND LIMITED SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2023
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____**

AS BOND COUNSEL FOR THE CITY OF ABILENE, TEXAS (the “Issuer”) in connection with the issuance of the certificates of obligation described above (the “Certificates”), we have examined into the legality and validity of the Certificates, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Certificates. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Certificates (the “Ordinance”).

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including the executed Certificates.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued, and delivered in accordance with law; and that the Certificates, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors’ rights generally or by general principles of equity and sovereign immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from limited surplus revenues of the Issuer’s waterworks and sewer system, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer’s revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the Issuer’s waterworks and sewer system, as provided in the Ordinance.

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



determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

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

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions 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 exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials



of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

Respectfully,

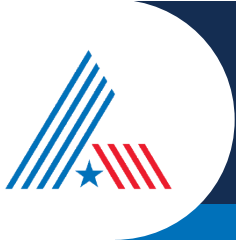
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Financial Advisory Services
Provided By



Ordinance - Authorizing the Issuance of Certificates of Obligation Bonds, Series 2023 for Streetscape Improvement to Cypress Street





Issuance of Certificates of Obligation, Series 2023 for Streetscape Improvements to Cypress Street

- The ordinance will authorize issuance of \$7,650,000 of certificates of obligation bonds for streetscape improvements to Cypress Street.
- Debt service of the bonds will be funded by revenues of the Tax Increment Reinvestment Zone #2.
- Pricing will be presented by Hilltop Securities.





**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Robert Hanna, City Manager

FROM: Mike Rains, Finance Director

SUBJECT: **14. Ordinance (Final Reading):** Receive a Report, Hold a Discussion and Public Hearing, and Take Action on Authorizing the Issuance and Sale of City of Abilene, Texas General Obligation Bonds, Series 2023 for Fire Department Projects *(Mike Rains)*

GENERAL INFORMATION

With the 2022 Bond Election, citizens approved \$8,000,000 of capital improvements for the purpose of building a new Fire Station #9. This ordinance will authorize the sale of the bonds from that election.

Pricing of the bonds will take place on April 26, 2023 and be presented to Council during the April 27, 2023 Council meeting by Hilltop Securities.

SPECIAL CONSIDERATIONS

Pursuant to Section 18, Abilene City Charter, only one reading is required for an Ordinance to issue bonds.

FUNDING/FISCAL IMPACT

Debt service for the bonds will come from annual ad-valorem taxes until maturity.

STAFF RECOMMENDATION

Staff recommends approval of the issuance.

BOARD OR COMMISSION RECOMMENDATION

ATTACHMENTS:

1. Ordinance - General Obligation Series 2023 Bonds
2. Abilene (City of), TX GO Bonds & Combination Tax & Limited Surplus Rev COO, Srs 2023 POS
3. Presentation - Ordinance Approving the Issuance of 2023 Series General Obligation Bonds

ORDINANCE _____

**AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF ABILENE, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2023; LEVYING AN ANNUAL AD VALOREM TAX
AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; APPROVING
THE OFFICIAL STATEMENT; PROVIDING AN EFFECTIVE DATE; AND ENACTING
OTHER PROVISIONS RELATING TO THE SUBJECT**

THE STATE OF TEXAS	§
COUNTIES OF TAYLOR AND JONES	§
CITY OF ABILENE	§

WHEREAS, by virtue of election held within the City of Abilene, Texas (the “Issuer”) on November 8, 2022 (the “Election”), this City Council became authorized to issue, sell and deliver the general obligation bonds of the Issuer, of which there have been issued heretofore, are authorized to be issued by this Ordinance, and will remain authorized but unissued hereafter, as described in Schedule I attached hereto and incorporated herein;

WHEREAS, this City Council finds and determines that it is necessary and proper to order the issuance, sale and delivery of such voted bonds;

WHEREAS, the Bonds hereinafter authorized to be issued were voted and are to be issued, sold and delivered pursuant to the general laws of the State of Texas, including Chapter 1331, as amended; and

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

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The bonds of the City of Abilene, Texas (the “Issuer”) are hereby authorized to be issued and delivered in the aggregate principal amount of \$___ for the public purposes of constructing, improving and equipping Fire Station No. 9 for the Abilene Fire Department, with any surplus funds to be used for the construction, renovation and equipment of fire stations, and (iii) paying costs of issuance of the Bonds (collectively, the “Project”).

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES AND INTEREST RATES OF BONDS. Each bond issued pursuant to this Ordinance shall be designated: “CITY OF ABILENE, TEXAS GENERAL OBLIGATION BOND, SERIES 2023,” and initially there shall be issued, sold, and delivered hereunder one fully registered bond, without interest coupons, dated May 1, 2023, in the principal amount stated above and in the denominations hereinafter stated, numbered T-1, with bonds issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the initial bond being made payable to the initial purchaser set forth herein), or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the “Registered Owner”), and said bonds shall mature and be payable serially on August 1 in each of the years and in the principal amounts, respectively, and shall bear interest from the dates set forth in the FORM OF BOND set forth in this

Ordinance to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the following schedule:

Years (8/1)	Principal Amounts (\$)	Interest Rates (%)
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2040		
2041		
2042		
2043		

The term “Bonds” as used in this Ordinance shall mean and include collectively the bonds initially issued and delivered pursuant to this Ordinance and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term “Bond” shall mean any of the Bonds.

Section 3. CHARACTERISTICS OF THE BONDS.

(a) Appointment of Paying Agent/Registrar. The Issuer hereby appoints U.S. Bank Trust Company, National Association, Dallas, Texas, to serve as paying agent and registrar for the Bonds (the “Paying Agent/Registrar”). The Mayor or City Manager is authorized and directed to execute and deliver in the name and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar.

(b) Registration, Transfer, Conversion and Exchange. The Issuer shall keep or cause to be kept at the corporate trust office of the Paying Agent/Registrar books or records for the registration of the transfer, conversion and exchange of the Bonds (the “Registration Books”), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three (3) days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar’s standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner

provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

(c) Authentication. Except as provided in this Section, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(d) Payment of Principal and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (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 (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(e) Payment to Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid.

(f) Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(g) Substitute Paying Agent/Registrar. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than one hundred-twenty (120) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar.

(h) Book-Entry Only System. The Bonds issued in exchange for the Bonds initially issued to the purchaser or purchasers specified herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof and the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as otherwise provided in this Section, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(i) Blanket Letter of Representations. The previous execution and delivery of the Blanket Letter of Representations with respect to obligations of the Issuer is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representations is hereby incorporated herein and its provisions shall prevail over any other provisions of this Ordinance in the event of conflict.

(j) Bonds Registered in the Name of Cede & Co. With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(k) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as

amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

(l) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

(m) General Characteristics of the Bonds. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance. The Bonds initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate, in the FORM OF BOND set forth in this Ordinance.

(n) Cancellation of Initial Bond. On the closing date, one initial Bond representing the entire principal amount of the Bonds, payable in stated amounts to the order of the initial purchaser of the Bonds or its designee, executed by manual or facsimile signature of the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for the initial Bond, the Paying Agent/Registrar shall cancel the initial Bond and deliver to DTC on behalf of such purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 4. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

(a) Form of Bond.

NO. R-

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF ABILENE, TEXAS
GENERAL OBLIGATION BOND
SERIES 2023

PRINCIPAL
AMOUNT
\$ _____

<u>Interest Rate</u>	<u>Delivery Date</u>	<u>Maturity Date</u>	<u>CUSIP No.</u>
	June 1, 2023	February 15, ____	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the City of Abilene, in Taylor and Jones Counties, Texas (the “Issuer”), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the “Registered Owner”), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date specified above at the Interest Rate per annum specified above. Interest is payable on February 15, 2024, and semiannually on each August 15 and February 15 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of U.S. Bank Trust Company, National Association, Dallas, Texas, which is the “Paying Agent/Registrar” for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (the “Bond Ordinance”) to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared at the close of business on the last business day of the month preceding each such date (the “Record Date”) on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid 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 of a non-

payment of interest on a scheduled payment date, and for thirty (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 (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for payment or redemption at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for any payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated May 1, 2023, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$__ constructing, improving and equipping Fire Station No. 9 for the Abilene Fire Department, with any surplus funds to be used for the construction, renovation and equipment of fire stations as authorized at the bond election held on November 8, 2022, and paying costs of issuance of the Bonds.

ON FEBRUARY 15, 2033, or on any date thereafter, the Bonds of this series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

WITH RESPECT TO ANY OPTIONAL REDEMPTION OF THE BONDS, unless certain prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a notice of conditional redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Issuer shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

AT LEAST THIRTY (30) days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least thirty (30) days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the business day prior to the mailing of such redemption notice; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Ordinance.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Ordinance, this Bond may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within forty-five (45) days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law.

THE ISSUER HAS RESERVED THE RIGHT to amend the Bond Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Bonds.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Bond Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Ordinance constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the Issuer (or in the Mayor's absence, by the Mayor Pro Tem) and countersigned with the manual or facsimile signature of the City Secretary Issuer (or in the City Secretary's absence, by the Assistant City Secretary), of said Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

(signature)
City Secretary

(signature)
Mayor

(SEAL)

(b) Form of Paying Agent/Registrar's Authentication Certificate.

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Bond is not accompanied by an executed Registration
Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Ordinance described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____.

U.S. Bank Trust Company, National Association
Dallas, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

(c) Form of Assignment.

ASSIGNMENT
(Please print or type clearly)

For value received, the undersigned hereby sells, assigns and transfers unto: _____

Transferee's Social Security or Taxpayer Identification Number: _____

Transferee's name and address, including zip code: _____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

(d) Form of Registration Certificate of the Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Bond and that this Bond has been registered this day by me.

Witness my signature and seal this _____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(e) Initial Bond Insertions.

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

A. immediately under the name of the Bond, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. _____" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

“THE CITY OF ABILENE, TEXAS, in Taylor and Jones Counties, Texas (the “Issuer”), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the “Registered Owner”), on August 1 in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

<u>Maturity Dates</u> <u>(2/15)</u>	<u>Principal</u> <u>Amounts (\$)</u>	<u>Interest</u> <u>Rates (%)</u>
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(Information from Section 2 to be inserted)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date specified above at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2024, and semiannually on each August 15 and February 15 thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.”

C. The Initial Bond shall be numbered “T-1.”

Section 5. INTEREST AND SINKING FUND.

(a) A special “Interest and Sinking Fund” is hereby created and shall be established and maintained by the Issuer as a separate fund or account and the funds therein shall be deposited into and held in an account at an official depository bank of said Issuer. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said Issuer, and shall be used only for paying the interest on and principal of said Bonds. All amounts received from the sale of the Bonds as accrued interest shall be deposited upon receipt to the Interest and Sinking Fund, and all ad valorem taxes levied and collected for and on account of said Bonds shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any of said Bonds are outstanding and unpaid, the governing body of said Issuer shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to pay the interest on said Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of said Bonds as such principal matures (but never less than 2% of the original amount of said Bonds as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of said Issuer, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in said Issuer, for each year while any of said Bonds are outstanding and unpaid, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law. Notwithstanding the

requirements of this subsection, if lawfully available moneys of the Issuer are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been required to be levied pursuant to this subsection may be reduced to the extent and by the amount of lawfully available funds then on deposit in the Interest and Sinking Fund.

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

Section 6. DEFEASANCE OF BONDS.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities, and thereafter the Issuer will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such Defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in 6(a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased

Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in 6(a)(i) or (ii) of this Section. All income from such Defeasance Securities which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term “Defeasance Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Bonds.

(d) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

Section 7. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new Bond of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen or destroyed Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Bond, the registered owner applying for a replacement Bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Bond, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred that is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the registered owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued under this Ordinance.

(e) Authority for Issuing Replacement Bonds. In accordance with Section 1206.022, Texas Government Code, this Section 7 of this Ordinance shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 3 of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

Section 8. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.

(a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the “gross income” of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any “private business use,” as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed by the Bonds (the “Project”) are so used, such amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the “private business use” described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a “private business use” that is “related” and not “disproportionate,” within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Bonds being treated as “private activity bonds” within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being “federally guaranteed” within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with –

(A) proceeds of the Bonds invested for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the “Excess Earnings,” within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code;

(10) to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Treasury Regulations promulgated thereunder; and

(11) to assure that the proceeds of the Bonds allocable to the Project will be used solely for new money projects.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(9), a “Rebate Fund” is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the Bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Use of Proceeds. For purposes of the foregoing covenants (a)(1) and (a)(2), the Issuer understands that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations and, in the case of the Bonds, and in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor, the City Manager, City Attorney, the Director of Finance of the Issuer or any other officer or agent of the Issuer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Project. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend proceeds of the sale of the Bonds or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Bonds or the interest thereon. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The Issuer covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 9. SALE OF BONDS AND APPROVAL OF OFFICIAL STATEMENT; FURTHER PROCEDURES.

(a) The Bonds are hereby sold and shall be delivered to Frost Bank as representative of the underwriters set forth in the purchase agreement (the "Underwriter"), for the purchase price of \$__ (representing the par amount of the Bonds of \$__, plus [net] original issue premium of \$__ (premium to be applied as set forth in Section 16) and less an underwriters' discount of \$__). It is hereby officially found, determined, and declared that the Bonds have been sold pursuant to the terms and provisions of a Purchase Agreement in substantially the form presented at this meeting, which the Mayor of the Issuer (or in the Mayor's absence, by the Mayor Pro Tem) is hereby authorized and directed to execute. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable. The initial Bond shall be registered in the name of the Underwriter or its designee.

(b) The Issuer hereby approves the form and content of the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Bonds by the Underwriters in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement relating to the Bonds, prior to the date hereof is hereby ratified and confirmed.

(c) The Mayor, City Manager, City Secretary, Finance Director, and any other authorized officers or agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name of the Issuer all other such documents, certificates and instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the sale of the Bonds and the Official Statement. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such

Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 10. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED; ENGAGEMENT OF BOND COUNSEL.

(a) The Mayor of the Issuer is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall sign manually, by facsimile, electronically or otherwise, the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Bonds is subject to the release of the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Bonds is hereby approved and confirmed.

Section 11. INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Bonds issued for the Project shall be used along with other Bond proceeds for the Project; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on Bond proceeds that are required to be rebated to the United States of America pursuant to Section 9 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 12. CONSTRUCTION FUND.

(a) The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2023 General Obligation Bonds Construction Fund" (the "Construction Fund") for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in the Construction Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 5 of this Ordinance.

(b) The Issuer may invest proceeds of the Bonds issued for the Project (including investment earnings thereon) and amounts deposited into the Interest and Sinking Fund in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Bonds will be used as soon as practicable for the purposes for which the Bonds are issued.

(c) All deposits authorized or required by this Ordinance shall be secured to the fullest extent required by law for the security of public funds.

Section 13. COMPLIANCE WITH RULE 15c2-12.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports.

(i) The Issuer shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six (6) months after the end of each fiscal year ending in or after 2023, financial information and operating data with respect to the Issuer of the general type included in the final Official Statement authorized by this Ordinance, being the information described in Exhibit A hereto. The Issuer will additionally provide audited financial statements when and if available, and in any event, within twelve (12) months after the end of each fiscal year ending in or after 2023. If the audit of such financial statements is not complete within twelve (12) months after any such fiscal year end, then the Issuer will file unaudited financial statements within such twelve (12) month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in the appropriate appendix to the Official Statement, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

(ii) If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB’s internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Event Notices.

(i) The Issuer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten (10) business days after the occurrence of the event) of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

- material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
 8. Bond calls, if material, and tender offers;
 9. Defeasances;
 10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
 11. Rating changes;
 12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
 13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 14. Appointment of a successor trustee or change in the name of the trustee, if material;
 15. Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the Issuer, any of which affect security holders, if material; and
 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the Issuer, any of which reflect financial difficulties.

As used in clause 12 above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of the Issuer, or if jurisdiction has been assumed by leaving the existing City Council and officials or officers of the Issuer 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 Issuer. For the purposes of the above describe event notices 15 and 16, the term “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(ii) The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) Limitations, Disclaimers, and Amendments.

(i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes Bonds no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any

legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) Should the Rule be amended to obligate the Issuer to make filings with or provide notices to entities other than the MSRB, the Issuer hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended. The provisions of this Section may be amended by the Issuer 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 Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a qualified person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable 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 an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 14. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of then outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Bonds so as to:

- (1) Make any change in the maturity of any of the outstanding Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding Bonds;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds;
- (4) Modify the terms of payment of principal or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or
- (5) Change the minimum percentage of the principal amount of any series of Bonds necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail or other appropriate means to each registered owner of the affected Bonds a copy of the proposed amendment. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Issuer for inspection by all holders of such Bonds.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the Issuer and all holders of such affected Bonds shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of such consent, and shall be conclusive and binding

upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six (6) months from the date of such consent by the holder who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Bonds then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

(g) For the purposes of establishing ownership of the Bonds, the Issuer shall rely solely upon the registration of the ownership of such Bonds on the registration books kept by the Paying Agent/Registrar.

Section 15. DEFAULT AND REMEDIES.

(a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

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

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Issuer, the failure to perform which materially, adversely affects the rights of the registered owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the Issuer.

(b) Remedies for Default.

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

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

(c) Remedies Not Exclusive.

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

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

(iii) By accepting the delivery of a Bond authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in

this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers or employees of the Issuer or the City Council.

Section 16. PREMIUM. The Bonds are being sold at a net premium equal to \$ _____. With respect to such premium attributable to the Bonds, \$ _____ shall be used to pay costs of issuance, \$ _____ shall be used to pay underwriters' discount, and \$ _____ shall be deposited into the Construction Fund. Schedule I attached hereto sets forth the bonds authorized to be issued pursuant to the Election, the prior bonds and allocable premium previously applied against such authority and the Bonds and allocable premium currently being issued pursuant to the Election.

Section 17. APPROPRIATION. To pay the debt service coming due on the Bonds, if any, prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 18. NO PERSONAL LIABILITY. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Ordinance, against any official or employee of the Issuer or any person executing any Bond.

Section 19. EFFECTIVE DATE. In accordance with the provisions of Texas Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

Section 20. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

(Execution Page Follows)

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF ABILENE,
TEXAS, this 27th day of April, 2023.

ATTEST:

Mayor, City of Abilene, Texas

City Secretary, City of Abilene, Texas

[CITY SEAL]

APPROVED AS TO FORM:

City Attorney, City of Abilene, Texas

SCHEDULE I

Voted Bonds

Purpose	Amount Authorized(\$)	Amount Previously Issued(\$)	Amount Currently Being Issued(\$)	Unissued Balance After Issuance of the Bonds(\$)
November 8, 2022 Election				
Fire Station (Prop. A)	8,000,000	-0-	8,000,000*	0*

*Includes premium allocable to the Construction Fund.

EXHIBIT A

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA

The following information is referred to in Section 13(b) of this Ordinance:

The financial information and operating data with respect to the Issuer to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

-- Tables 1 - 6 and 8 - 15

PRELIMINARY OFFICIAL STATEMENT

Dated: April 18, 2023

NEW ISSUE - Book-Entry-Only

Ratings:
Fitch: "AA+"
Moody's: "Aa2"
(See "Other Information - Ratings" herein)

In the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas ("Bond Counsel"), interest on the Bonds (defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

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

\$7,650,000*
CITY OF ABILENE, TEXAS
(Taylor and Jones Counties)
GENERAL OBLIGATION BONDS, SERIES 2023

Dated Date: May 1, 2023

(Interest accrues from the delivery date.)

Due: February 15, as shown on page 2

PAYMENT TERMS...Interest on the \$7,650,000* City of Abilene, Texas, General Obligation Bonds, Series 2023 (the "Bonds") will accrue from the date of initial delivery to the underwriters named below (the "Underwriters") and will be payable February 15 and August 15 of each year commencing February 15, 2024, until maturity or prior redemption. Interest on the definitive Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 of principal amount or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE OBLIGATIONS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar for the Bonds is U.S. Bank Trust Company, National Association, Dallas, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE...The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Texas Government Code, Chapter 1331, as amended, and a bond election held in the City of Abilene (the "City") on November 8, 2022 (the "Bond Election"), and are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (the "Bond Ordinance") (see "THE OBLIGATIONS - Authority for Issuance of the Bonds").

PURPOSE... Proceeds from the sale of the Bonds will be used for the public purpose of (i) constructing, improving and equipping Fire Station No. 9 for the Abilene Fire Department and (ii) to pay the costs associated with the issuance of the Bonds (see "THE OBLIGATIONS - Purpose of the Bonds").

CUSIP PREFIX⁽¹⁾: 00344N - MATURITY SCHEDULE & 9 DIGIT CUSIP - SEE SCHEDULE ON PAGE 2

SEPARATE ISSUES... The Bonds are being offered by the City concurrently with the "City of Abilene, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023" (the "Certificates") under a common Official Statement, and such Bonds and Certificates are hereinafter sometimes referred to collectively as the "Obligations." The Obligations are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY...The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see Appendix C, "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas.

DELIVERY...It is expected that the Bonds will be available for delivery through the facilities of DTC on June 1, 2023.

FROST BANK

SAMCO CAPITAL MARKETS, INC.

* Preliminary, subject to change.

MATURITY SCHEDULE*

CUSIP ⁽¹⁾ Prefix: 00344N

\$7,650,000* GENERAL OBLIGATION BONDS, SERIES 2023

Maturity (2/15)	Principal Amount	Interest Rate	Initial Yield	CUSIP ⁽¹⁾	Maturity (2/15)	Principal Amount	Interest Rate	Initial Yield	CUSIP ⁽¹⁾
2024	\$ 205,000				2034	\$ 385,000			
2025	275,000				2035	400,000			
2026	285,000				2036	415,000			
2027	295,000				2037	430,000			
2028	305,000				2038	445,000			
2029	320,000				2039	460,000			
2030	330,000				2040	480,000			
2031	340,000				2041	500,000			
2032	355,000				2042	520,000			
2033	370,000				2043	535,000			

(Interest to accrue from the date of delivery)

*Preliminary, subject to change.

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Underwriters or the Financial Advisor shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION...The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

PRELIMINARY OFFICIAL STATEMENT

Dated: April 18, 2023

Ratings:

Fitch: "AA+"

Moody's: "Aa2"

(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas ("Bond Counsel"), interest on the Certificates (defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

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

\$7,650,000*

CITY OF ABILENE, TEXAS

(Taylor and Jones Counties)

COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

Dated Date: May 1, 2023

(Interest accrues from the delivery date.)

Due: February 15, as shown on page 4

PAYMENT TERMS...Interest on the \$7,650,000* City of Abilene, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023 (the "Certificates") will accrue from the date of initial delivery to the underwriters named below (the "Underwriters") and will be payable February 15 and August 15 of each year commencing February 15, 2024, until maturity or prior redemption. Interest on the definitive Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 of principal amount or integral multiples thereof. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE OBLIGATIONS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar for the Certificates is U.S. Bank Trust Company, National Association, Dallas, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE... The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") particularly Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended, and constitute direct obligations of the City of Abilene, Texas (the "City"), payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a pledge of limited surplus revenues (not to exceed \$1,000) of the City's waterworks and sewer system, as provided in the ordinance authorizing the Certificates (the "Certificate Ordinance") (see "THE OBLIGATIONS- Authority for Issuance of the Certificates").

PURPOSE...Proceeds from the sale of the Certificates will be used for the public purpose of (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage, and including acquiring land and interests in land therefor, and (ii) legal, fiscal and engineering fees in connection with such projects and other costs associated with the issuance of the Certificates. (see "THE OBLIGATIONS – Purpose of the Certificates").

CUSIP PREFIX⁽¹⁾: 00344N - MATURITY SCHEDULE & 9 DIGIT CUSIP - SEE SCHEDULE ON PAGE 4

SEPARATE ISSUES...The Certificates are being offered by the City concurrently with the "City of Abilene, Texas, General Obligation Bonds, Series 2023" (the "Bonds") under a common Official Statement. The Certificates and Bonds are hereinafter sometimes referred to collectively as the "Obligations." The Obligations are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY...The Certificates are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see Appendix C, "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas.

DELIVERY...It is expected that the Certificates will be available for delivery through the facilities of DTC on June 1, 2023.

FROST BANK

SAMCO CAPITAL MARKETS, INC.

* Preliminary, subject to change.

MATURITY SCHEDULE*

CUSIP Prefix: 00344N⁽¹⁾

\$7,650,000* COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

Maturity (2/15)	Principal Amount	Interest Rate	Initial Yield	CUSIP ⁽¹⁾	Maturity (2/15)	Principal Amount	Interest Rate	Initial Yield	CUSIP ⁽¹⁾
2024	\$ 205,000				2034	\$ 385,000			
2025	275,000				2035	400,000			
2026	285,000				2036	415,000			
2027	295,000				2037	430,000			
2028	305,000				2038	445,000			
2029	320,000				2039	460,000			
2030	330,000				2040	480,000			
2031	340,000				2041	500,000			
2032	355,000				2042	520,000			
2033	370,000				2043	535,000			

(Interest to accrue from the date of delivery)

*Preliminary, subject to change.

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Underwriters or the Financial Advisor shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION...The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

USE OF INFORMATION IN THE PRELIMINARY OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"), this document constitutes an Official Statement of the City with respect to the Obligations that has or will be "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

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

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

Certain information set forth herein has been obtained from sources other than the City that the City believes to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the City, the Underwriters or the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

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

None of the City, its Financial Advisor, or the Underwriters make any representation as to the accuracy, completeness, or adequacy of the information in this Official Statement regarding the Depository Trust Company New York, New York ("DTC") or its book entry only system, as such information has been provided by DTC.

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

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 JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

OFFICIAL STATEMENT SUMMARY

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

THE CITY	The City of Abilene (the “City”) is a political subdivision and municipal corporation of the State located in Taylor and Jones Counties. The City covers approximately 109.92 square miles. The 2020 U.S. Census population was 125,182, while the estimated 2023 population is 125,070 (see “INTRODUCTION - Description of the City” and “Appendix A – General Information Regarding the City”).
THE OBLIGATIONS	The Obligations are issued as \$7,650,000* General Obligation Bonds, Series 2023 (the “Bonds”), and \$7,650,000* Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023 (the “Certificates”). The Bonds and the Certificates are referred to collectively herein as the “Obligations”. The Bonds mature on February 15 in the years 2024 through 2043 inclusive. The Certificates mature on February 15 in the years 2024 through 2043 inclusive (see “THE OBLIGATIONS -Description of the Obligations”). The Obligations are being offered concurrently under a common Official Statement.
PAYMENT OF INTEREST	Interest on the Obligations accrues from the date of initial delivery to the underwriters listed on the cover page hereof (the “Underwriters”), and is payable initially on February 15, 2024 and each August 15 and February 15 thereafter, until maturity or prior redemption (see “THE OBLIGATIONS - Description of the Obligations” and “THE OBLIGATIONS - Optional Redemption”).
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to the general laws of the State, including particularly Texas Government Code, Chapter 1331, as amended, a bond election held by the City on November 8, 2022, and the ordinance to be passed by the City Council of the City (see “THE OBLIGATIONS - Authority for Issuance of the Bonds”). The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an ordinance to be passed by the City Council of the City (see “THE OBLIGATIONS - Authority for Issuance of the Certificates”).
SECURITY FOR THE OBLIGATIONS	The Bonds constitute direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (see “THE OBLIGATIONS – The Bonds - Security and Source of Payment”). The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a pledge of limited surplus revenues of the City’s waterworks and sewer system (not to exceed \$1,000), as provided in the ordinance authorizing the Certificates (see “THE OBLIGATIONS – The Certificates - Security and Source of Payment”).
REDEMPTION	The City reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS - Optional Redemption”).
TAX MATTERS	In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption “TAX MATTERS” herein.
RATINGS	The Obligations are rated “AA+” by Fitch Ratings (“Fitch”) and “Aa2” by Moody’s Investors Service, Inc. (“Moody’s”) (see “OTHER INFORMATION - Ratings”).

*Preliminary, subject to change.

USE OF PROCEEDS Proceeds from the sale of the Bonds will be used for the public purpose of (i) constructing, improving and equipping Fire Station No. 9 for the Abilene Fire Department and (ii) to pay the costs associated with the issuance of the Bonds.

Proceeds from the sale of the Certificates will be used for the public purpose of (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage, and including acquiring land and interests in land therefor, and (ii) legal, fiscal and engineering fees in connection with such projects and other costs associated with the issuance of the Certificates.

BOOK-ENTRY-ONLY

SYSTEM The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of \$5,000 of principal amount or integral multiples thereof. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see “THE OBLIGATIONS - Book-Entry-Only System”).

PAYMENT RECORD The City has never defaulted in payment of its bonded indebtedness.

PAYING AGENT/REGISTRAR The initial Paying Agent/Registrar for each series of Obligations is U.S. Bank Trust Company, National Association, Dallas, Texas.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Debt ⁽³⁾	Per Capita G.O. Debt	Ratio G.O. Debt to Taxable Assessed Valuation	% of Total Tax Collections
2019	124,557	\$ 6,366,808,791	\$ 51,116	\$ 316,055,000	\$ 2,537	4.96%	99.33%
2020	123,403	6,662,943,045	53,993	347,660,000	2,817	5.22%	99.02%
2021	123,420	6,944,209,541	56,265	355,600,000	2,881	5.12%	99.07%
2022	125,182	7,313,608,517	58,424	361,595,000	2,889	4.94%	98.76%
2023	125,070	8,214,685,923	65,681	358,745,000 ⁽⁴⁾	2,868 ⁽⁴⁾	4.37% ⁽⁴⁾	71.82% ⁽⁵⁾

(1) Population estimates provided by the City.

(2) As reported by the Central Appraisal District of Taylor County on City’s annual Reports of Property Value to the State Comptroller of Public Accounts; subject to change during the ensuing year.

(3) Includes self-supporting debt (see Table 3B – Derivation of General Purpose Funded Tax Debt).

(4) Includes the Obligations. Preliminary, subject to change.

(5) Partial year collections as of January 31, 2023.

For additional information regarding the City, please contact:

Mike Rains	George Williford
Director of Finance	Managing Director
City of Abilene	or Hilltop Securities Inc.
P.O. Box 60	717 North Harwood Street, Suite 3400
Abilene, Texas 79604-0060	Dallas, Texas 75201
(325) 676-6324	(214) 953-8705

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Anthony Williams Mayor	6 Years	May 2023	Advancement and Executive Community Relations Officer Abilene Christian University
Shane Price Councilmember (Place 1)	14 Years	May 2024	Vice President of Development, Bookstore Manager Software
Lynn Beard Councilmember (Place 2)	2 Years	May 2024	General Manager, Abilene Aero, Inc.
Donna Albus Councilmember (Place 3)	6 Years	May 2023	Retiree
Weldon W. Hurt Councilmember (Place 4)	6 Years	May 2023	President, West Texas Pest Patrol
Kyle McAlister Councilmember (Place 5)	10 Years	May 2025	Sales Rep, Lamar Advertising
Dr. Travis Craver Councilmember (Place 6)	4 Years	May 2025	Vice President of Operations, Fat Matt Roofing

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to the City
Robert Hanna	City Manager	8 Years
Mindy Patterson	Deputy City Manager	31 Years
Michael Rice, PE	Assistant City Manager	8 Years
Shawna Atkinson, TRMC, CMC	City Secretary	4 Years
Stanley Smith	City Attorney	15 Years
Lesli Andrews	Director of Parks & Recreation	19 Years
Mike Rains	Director of Finance	14 Years
Pamela Williams	Director of Human Resources	4 Years
Tim Littlejohn	Director of Planning and Development	6 Years
Max Johnson	Director of Public Works	3 Years
Don Green	Director of Transportation Services	19 Years
Rodney Taylor	Director of Water Utilities	20 Years
Annette Lerma	Director of Public Health	21 Years
Julie Hammer	Director of Library Services	3 Years
Doug Wrenn	Interim Chief of Police	30 Years
Cande Flores	Fire Chief	31 Years
Jesse Pottebaum	Zoo Director	4 Years

CONSULTANTS AND ADVISORS

Auditors FORVIS, LLP

Bond Counsel McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor.....Hilltop Securities Inc.
Dallas, Texas

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

CITY OF ABILENE, TEXAS

\$7,650,000*
GENERAL OBLIGATION BONDS,
SERIES 2023

\$7,650,000*
COMBINATION TAX AND LIMITED SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2023

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$7,650,000* City of Abilene, Texas, General Obligation Bonds, Series 2023 (the "Bonds"), and \$7,650,000* Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023 (the "Certificates"). The Bonds and the Certificates are referred to collectively herein as the "Obligations". Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective Ordinances (hereinafter defined) to be adopted on the date of sale of each respective series of the Obligations which will authorize the issuance of the Obligations, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

The Obligations are being offered concurrently by the City under a common Official Statement. The Obligations are separate and distinct securities offerings being authorized for issuance under separate ordinances (the "Bond Ordinance," and "Certificate Ordinance" respectively, and collectively the "Ordinances"), to be adopted by the City Council of the City, and are being offered and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

DESCRIPTION OF THE CITY ... The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1883, and first adopted its Home Rule Charter in 1962. The City operates under the Council/Manager form of government where the mayor and six Councilmembers are elected for staggered three-year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, airport, sanitation services, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2020 U. S. Census population for the City was 125,182, while the estimated 2023 population is 125,070. The City covers approximately 109.92 square miles (see "Appendix A – General Information Regarding the City").

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS... The Obligations are dated May 1, 2023 and mature on February 15 in each of the years and in the amounts shown on pages 2 and 4 hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15, commencing February 15, 2024 until maturity or prior redemption. The definitive Obligations will be issued only in fully registered form in any integral multiple of \$5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "Book-Entry-Only System" herein).

AUTHORITY FOR ISSUANCE OF THE BONDS... The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Texas Government Code, Chapter 1331, as amended, a bond election held in the City on November 8, 2022 (the "Bond Election") and an ordinance to be passed by the City Council.

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES ... The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code (the "Certificate of Obligation Act of 1971"), as amended, and an ordinance to be passed by the City Council.

* Preliminary, subject to change.

THE BONDS – SECURITY AND SOURCE OF PAYMENT...The principal of and interest on the Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax within the limits prescribed by law upon all taxable property in the City.

THE CERTIFICATES - SECURITY AND SOURCE OF PAYMENT... The principal of and interest on the Certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and additionally are payable from a pledge of limited surplus revenues of the City's waterworks and sewer system (not to exceed \$1,000).

PURPOSE OF THE BONDS... Proceeds from the sale of the Bonds will be used for the public purpose of (i) constructing, improving and equipping Fire Station No. 9 for the Abilene Fire Department, and (ii) to pay the costs associated with the issuance of the Bonds (see "Table 11 - Authorized But Unissued General Obligation Bonds").

PURPOSE OF THE CERTIFICATES. . Proceeds from the sale of the Certificates will be used for the public purpose of (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage, and including acquiring land and interests in land therefor, and (ii) legal, fiscal and engineering fees in connection with such projects and other costs associated with the issuance of the Certificates.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. While State law does not provide for any allocation of the City's tax between debt service and operations, administratively, the Attorney General of the State will permit allocation of approximately two-thirds of the maximum tax rate for all general obligation debt service, as calculated at the time of issuance and based on a 90% collection rate. The City's 2022/2023 tax rate is \$0.7621 of which \$0.1633 is for debt service purposes (see "TAX INFORMATION - Table 4 – Tax Rate, Levy and Collection History" herein).

OPTIONAL REDEMPTION...The City reserves the right, at its option, to redeem Obligations of any series having stated maturities on and after February 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City may select the maturities of such series of Obligations to be redeemed. If less than all the Obligations of any maturity of any series 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 an Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (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.

With respect to any optional redemption of the Obligations, unless certain prerequisites to such redemption required by the respective Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Obligations to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Obligations, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Obligations have not been redeemed.

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

DEFEASANCE... The Ordinances provide for the defeasance of the Obligations when the payment of the principal on the Obligations, plus interest on the Obligations to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) lawful money of the United States sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without

reinvestment, of sufficient money to provide for such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that the term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, defease or otherwise discharge obligations such as the Obligations. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds have been refunded and, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment 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, the City has the option, to be exercised at the time of the defeasance of the Obligations, to call for redemption at an earlier date those Obligations which have been defeased to their maturity date, 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.

There is no assurance that current Texas 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 Ordinance does not contractually limit such investments, registered owners will 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 Texas law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM . . . *This section 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 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 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 Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry

transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

Principal and interest payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar of each series, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar of each series, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the 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.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Underwriters.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the Book-Entry-Only System of the Obligations is discontinued, printed Obligations will be issued to the DTC Participants or the holder, as the case may be, and such Bonds and/or Certificates will be subject to transfer, exchange and registration provisions as set forth in each Ordinance and summarized under “THE OBLIGATIONS - Transfer, Exchange and Registration” below.

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

TRANSFER, EXCHANGE AND REGISTRATION... In the event the Book-Entry-Only System should be discontinued, printed Obligation certificates will be delivered to the registered owners of the Obligations and thereafter the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar of such printed certificates and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new 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 business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 of principal amount for any one maturity for a like type and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See “Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation.

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

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (“Special Payment Date”, which shall be 15 days after the Special Record Date) shall be sent at least 5 business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of an Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

AMENDMENTS . . . In each Ordinance, the City has reserved the right to amend the respective Ordinance without the consent of any holder for the purpose of amending or supplementing the respective Ordinance to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the holders, (iv) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the holders. Each Ordinance further provides that the holders of the respective Certificates or the Bonds, as applicable, aggregating in principal amount

51% of the outstanding respective Certificates or Bonds, as the case may be, shall have the right from time to time to approve any amendment not described above to the respective Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Certificates or Bonds so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Certificates or Bonds; (ii) reducing the rate of interest borne by any of the outstanding Certificates or Bonds; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates or Bonds; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates or Bonds, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Certificates or Bonds necessary for consent to such amendment. Reference is made to the respective Ordinances for further provisions relating to the amendment thereof.

OBLIGATIONHOLDERS' REMEDIES . . . The respective Ordinances establish specific events of default with respect to the Certificates and the Bonds, respectively. If the City defaults in the payment of the principal of or interest on the Certificates or the Bonds when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Certificates or the Bonds, as applicable, including but not limited to, their prospect or ability to be repaid in accordance with the respective Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the respective Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Bonds, as applicable, or the respective Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates or the Bonds 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 of the Certificates or the Bonds upon any failure of the City to perform in accordance with the terms of the respective Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson I"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I*, *Wasson Interests LTD. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("Wasson II", and together with *Wasson I*, "Wasson"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. 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 authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the State's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question. If sovereign immunity is determined by a court to exist, then 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 of the Certificates or the Bonds may not be able to bring such a suit against the City for breach of the covenants in the Certificates or the Bonds or in the Ordinances. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its debt, but the City is not using Chapter 1371 as legal authority in connection with the issuance of the Obligations and the City has not waived sovereign immunity pursuant to Chapter 1371. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates or the Bonds.

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, holders of the Certificates or the Bonds 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 Certificates or the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

See "Book-Entry-Only System" herein for a description of the duties of DTC with regard to ownership of the Certificates and the Bonds. Initially, the only registered owner of the Certificates and the Bonds will be DTC. See "Book-Entry-Only System" herein.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Obligations will be applied approximately as follows:

	The Bonds	The Certificates
<u>Sources of Proceeds</u>		
Par Amount		
Reoffering Premium		
Total Sources of Proceeds	\$ -	\$ -
<u>Uses of Proceeds</u>		
Deposit to Project/Construction Fund		
Underwriters' Discount		
Costs of Issuance		
Total Uses of Proceeds	\$ -	\$ -

TAX INFORMATION

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

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Taylor Central Appraisal District and Jones County Appraisal District (collectively, 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 "TAX INFORMATION – 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.

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 by the City, see “TAX INFORMATION –City Application of Tax Code” and “Table 1 – Valuation, Exemptions and General Obligation Debt.”

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.

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 \$52,978,200 for the 2022 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “TAX INFORMATION – 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.

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.

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

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

CITY APPLICATION OF TAX CODE...The City grants an exemption of 15% of the market value of residence homesteads; minimum exemption of \$5,000.

The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of up to \$15,000; the disabled are also granted an exemption of up to \$15,000.

The City has granted certain Historic Tax Exemptions under the Historic Tax Reduction Program.

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

The City does not tax nonbusiness personal property; and the Central Appraisal District of Taylor County collects ad valorem taxes for the City under a contract with the City.

The City has taken action to implement the tax freeze on the residence homestead of persons who are disabled and persons who are 65 years of age or older, as approved by the City's voters at an election held on November 7, 2006. The tax freeze, which applies to property that accounts for approximately 1.6% of the City's property tax revenue, may impact future property tax rates for the City. City administration does not believe that the implementation of the tax freeze will have a material adverse financial impact on the City for the September 30, 2023 fiscal year; however, City staff expects to continue to monitor the potential impact of the tax freeze on the City's financial condition.

The City does permit split payments, first half due by November 30, second half due by June 30; discounts are not allowed.

The City does tax freeport property.

The City has not taken action to tax goods-in-transit.

The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted a tax abatement policy, as described below.

TAX ABATEMENT POLICY...In 1990, the City established a tax abatement policy to encourage economic development. The policy specified several criteria pertaining to job creation and property value enhancement that newly constructed real and personal property improvements had to meet in order to be considered for tax abatement; projects were eligible for abatement of a percentage of ad valorem taxes for ten years; property located within an enterprise zone could receive an additional percentage abatement of 5% - 10%. The City granted a total of four abatements during the period 1990-1992. From 1992 to March, 1997, however, no tax abatements were granted as the City's policy was to provide incentives in lieu of tax abatements from a ½ of 1% economic development sales tax that became effective in 1990.

On March 27, 1997, the City rewrote and adopted a definitive Property Tax Abatement Policy (the "Policy"). On June 14, 2001, the City Council adopted a revised definitive Policy. Specific guidelines for tax abatement benefits were established for manufacturing, distribution, retail (if located in an enterprise zone or development area) and service facilities located in Abilene and certain multi-family residential properties if located in the Abilene Reinvestment Zone Number One. Generally, tax abatements may be granted for each year only for the additional values of eligible property improvements (actual capital expenditures) to the extent that the value of the property covered by the agreement exceeds the value of the property for the year in which the abatement agreement is executed; no abatement agreement may have a term in excess of ten years from the date of execution. Abatements are to be considered under specific criteria that includes job creation and capital expenditures with resulting abatements of 15% to 100% if granted. The City currently has one tax abatement in effect.

TAX INCREMENT FINANCING ZONE... Reinvestment Zone Number Two, City of Abilene ("Zone Two") was created on December 5, 2013 by the City. Comprising approximately 1,594 acres, Zone Two includes the Pine Street and Ambler Avenue corridors, all within the City's corporate limits. Ad valorem taxes on incremental growth in real property values within Zone Two (levied at the tax rate of the City on real property in Zone Two from a base value as of January 1, 2013 of approximately \$116.4 million) are used to pay costs of development of Zone Two; these tax funds can be used only for public improvements in Zone Two or for payment of debt service on bonds issued to provide funds for public improvements located within Zone Two. Zone Two has no bonded debt.

Reinvestment Zone Number Three, City of Abilene ("Zone Three") was created on November 17, 2022, by the City. Comprising approximately 421 acres, Zone Three includes the area between East North 10th Street and U.S. Highway 80 East on the north and south borders and Loop 322 on the eastern border, all within the City's corporate limits. Ad valorem taxes on incremental growth on real property values within Zone Three (levied at the tax rate of the City on real property in Zone Three from a base value as of January 1, 2022, of approximately \$1.7 million) are used to pay costs of development of Zone Three; these tax funds can be used only for public improvements in Zone Three or for payment of debt service on bonds issued to provide funds for public improvements located within Zone Three. Zone Three has no bonded debt.

CHAPTER 380 AGREEMENTS... The City is currently a party to eight agreements under Chapter 380 of the Local Government Code.

2023 REGULAR AND SPECIAL LEGISLATIVE SESSIONS

On January 10, 2023, the 88th Legislature convened in general session which is scheduled to adjourn on May 29, 2023. Thereafter, the Texas Governor may call one or more additional special sessions. During this time, the Texas Legislature may enact laws that materially change the Property Tax Code and other current law as it relates to ad valorem taxation. The City can make no representations or predictions regarding any actions the Legislature has taken or may take concerning the substance or the effect of any legislation passed in a previous session or a future session of the Legislature.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2022/23 Market Valuation Established by the Appraisal District (excluding totally exempt property)		\$ 9,345,142,305
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemptions (Local Option)	\$ 555,758,268	
Residence Homestead Exemptions (Over 65 and Disabled)	146,446,184	
Residential Homestead Value Lost on 10% Cap	173,680,040	
Productivity Loss	71,438,113	
Disabled Veterans Exemptions	176,285,403	
Pollution Control Value Lost	1,794,938	
Historic Tax Exemptions	4,433,453	
Surviving Spouse of first responder killed in line of duty	619,983	
		<u>(1,130,456,382) ⁽¹⁾</u>
2022/23 Taxable Assessed Valuation		\$ 8,214,685,923
City Funded Debt Payable from Ad Valorem Taxes as of April 1, 2023		
Outstanding General Obligation Debt	\$ 343,445,000	
The Bonds ⁽²⁾	7,650,000	
The Certificates ⁽²⁾	<u>7,650,000</u>	
		\$ 358,745,000
Less: Self-Supporting Debt ⁽⁵⁾		
Waterworks and Sewer System General Obligation Debt ⁽³⁾	225,755,000	
Downtown Hotel Convention Center General Obligation Debt ⁽⁴⁾	<u>6,000,000</u>	
General Purpose Funded Debt Payable from Ad Valorem Taxes		\$ 126,990,000
Ratio Funded Debt to Taxable Assessed Valuation		4.37%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		1.55%

2023 Estimated Population - 125,070

Per Capita 2022/23 Taxable Assessed Valuation - \$ 65,681

Per Capita Funded Debt Payable from Ad Valorem Taxes - \$2,868

Per Capita General Purpose Funded Debt Payable from Ad Valorem Taxes - \$1,015

- (1) In addition to the exemptions described, the City has taken action to implement the tax freeze on the residence homestead of persons who are disabled and persons who are 65 years of age or older. See "TAX INFORMATION – City Application of Tax Code."
- (2) Preliminary, subject to change.
- (3) "Waterworks and Sewer System (the "System") General Obligation Debt" consists of the Combination Tax and Surplus Revenue Certificates of Obligation, Series 2012, the Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015, a portion of the General Obligation Refunding and Improvement Bonds, Series 2015, a portion of the General Obligation Refunding and Improvement Bonds, Series 2016, a portion of the Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2017, a portion of the General Obligation Refunding Bonds, Series 2017, the Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018, a portion of the Combination Tax and Limited Surplus Certificates of Obligation, Series 2019, the General Obligation Refunding Bonds, Taxable Series 2019, a portion of the General Obligation Refunding Bonds, Taxable Series 2020, and the Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2022. The City provides for debt service on these issues from surplus Net Revenues of the System. The City has no outstanding Waterworks and Sewer System Revenue Bonds but has obligated revenues of the System under Water Supply Contracts. See Note 8, "Long-Term Obligations and Amounts Due within One Year" in the Notes to Financial Statements for the Fiscal year Ended September 30, 2022, in "APPENDIX B – EXCERPTS FROM THE CITY OF ABILENE, TEXAS ANNUAL FINANCIAL REPORT" for additional information concerning such Water Supply Contracts.
- (4) "Downtown Hotel Convention Center General Obligation Debt" consists of outstanding Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2021B, on which debt service is provided from state and local hotel occupancy taxes (Texas House Bill 2445) and surplus revenues of the Downtown Hotel.
- (5) It is the City's current policy to pay such self-supporting debt from the respective revenue sources; this policy is subject to change in the future, although the City has no current plans to change its policy. In the event the City changes its policy, or if such revenues are not sufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax to pay such debt service (see Tables 1 and 10 herein for more detailed information on the City's general obligation self-supporting debt).

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year September 30,					
	2023		2022		2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 5,442,283,288	58.24%	\$4,683,734,730	57.06%	\$4,260,961,939	55.14%
Real, Residential, Multi-Family	551,042,000	5.90%	485,122,986	5.91%	442,013,247	5.72%
Real, Vacant Lots/Tracts	95,279,988	1.02%	83,572,596	1.02%	81,882,675	1.06%
Real, Acreage (Land Only)	73,520,012	0.79%	61,351,429	0.75%	53,149,310	0.69%
Real, Farm and Ranch Improvements	54,167,270	0.58%	48,317,011	0.59%	44,708,588	0.58%
Real, Commercial and Industrial	1,850,842,127	19.81%	1,683,338,499	20.51%	1,681,615,465	21.76%
Real, Oil, Gas and Other Minerals	17,483,879	0.19%	12,312,083	0.15%	14,371,967	0.19%
Real and Tangible Personal, Utilities	253,289,425	2.71%	238,396,762	2.90%	204,310,461	2.64%
Tangible Personal, Commercial and Industrial	927,058,559	9.92%	841,055,621	10.25%	874,863,016	11.32%
Tangible Personal, Other	11,258,419	0.12%	10,349,111	0.13%	9,002,168	0.12%
Real Property, Inventory ⁽¹⁾	5,782,737	0.06%	5,231,228	0.06%	5,416,678	0.07%
Special Inventory	63,134,601	0.68%	55,788,391	0.68%	54,716,549	0.71%
Total Appraised Value Before Exemptions	\$ 9,345,142,305	100.00%	\$ 8,208,570,447	100.00%	\$ 7,727,012,063	100.00%
Less: Total Exemptions/Reductions ⁽²⁾	(1,130,456,382)		(894,961,930)		(782,802,522)	
Taxable Assessed Value	<u>\$ 8,214,685,923</u>		<u>\$ 7,313,608,517</u>		<u>\$ 6,944,209,541</u>	

Category	Taxable Appraised Value for Fiscal Year September 30,			
	2020		2019	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 4,039,723,261	54.46%	\$3,825,140,077	54.05%
Real, Residential, Multi-Family	413,627,102	5.58%	388,679,603	5.49%
Real, Vacant Lots/Tracts	79,796,252	1.08%	70,438,459	1.00%
Real, Acreage (Land Only)	53,780,234	0.73%	55,764,233	0.79%
Real, Farm and Ranch Improvements	41,863,453	0.56%	35,474,356	0.50%
Real, Commercial and Industrial	1,636,398,300	22.06%	1,595,585,682	22.55%
Real, Oil, Gas and Other Minerals	14,654,572	0.20%	9,505,034	0.13%
Real and Tangible Personal, Utilities	198,203,957	2.67%	184,762,925	2.61%
Tangible Personal, Commercial and Industrial	871,984,071	11.76%	849,758,355	12.01%
Tangible Personal, Other	9,253,313	0.12%	9,702,639	0.14%
Real Property, Inventory ⁽¹⁾	6,299,324	0.08%	6,877,085	0.10%
Special Inventory	52,261,151	0.70%	45,189,521	0.64%
Total Appraised Value Before Exemptions	\$ 7,417,844,990	100.00%	\$ 7,076,877,969	100.00%
Less: Total Exemptions/Reductions ⁽²⁾	(754,901,945)		(710,069,178)	
Taxable Assessed Value	<u>\$ 6,662,943,045</u>		<u>\$ 6,366,808,791</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Central Appraisal District of Taylor County and the Jones County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

- (1) Real properties inventories in the hands of developers or builders; each group of properties in this category is appraised on the basis of its value as a whole as a sale to another developer or builder.
- (2) In addition to the exemptions described, the City has taken action to implement the tax freeze on the residence homestead of persons who are disabled and persons who are 65 years of age or older. See "TAX INFORMATION – City Application of Tax Code."

TABLE 3A - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	General Obligation Debt Outstanding ⁽³⁾	Ratio General Obligation Debt to Taxable Assessed Valuation	General Obligation Debt Per Capita
2019	124,557	\$ 6,366,808,791	\$ 51,116	\$ 316,055,000	4.96%	\$ 2,537
2020	123,403	6,662,943,045	53,993	347,660,000	5.22%	2,817
2021	123,420	6,944,209,541	56,265	355,600,000	5.12%	2,881
2022	125,182	7,313,608,517	58,424	361,595,000	4.94%	2,889
2023	125,070	8,214,685,923	65,681	358,745,000 ⁽⁴⁾	4.37% ⁽⁴⁾	2,868 ⁽⁴⁾

(1) Source: City of Abilene

(2) As reported by the Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt (see "Table 3B - Derivation of General Purpose Funded Tax Debt").

(4) Includes the Obligations. Preliminary, subject to change.

TABLE 3B - DERIVATION OF GENERAL PURPOSE FUNDED TAX DEBT

Fiscal Year Ended 9/30	General Obligation Debt Outstanding	Less: Self-Supporting Waterworks and Sewer System General Obligation Debt	Less: Airport General Obligation Debt	Less: Downtown Hotel Convention Center General Obligation Debt	General Purpose Funded Tax Debt
2019	\$ 316,055,000	\$ 194,785,000	\$ 1,310,000	\$ -	\$ 119,960,000
2020	347,660,000	232,220,000	895,000	-	114,545,000
2021	355,600,000	222,000,000	460,000	-	133,140,000
2022	361,595,000	235,950,000	-	6,000,000	119,645,000
2023	358,745,000 ⁽¹⁾	225,755,000	-	6,000,000	126,990,000 ⁽¹⁾

(1) Includes the Obligations. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution		Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
		General Fund	Interest and Sinking Fund			
2018	\$ 0.7722	\$ 0.5648	\$ 0.2074	\$ 47,767,944	98.83%	99.33%
2019	0.7877	0.6069	0.1808	50,887,413	98.77%	99.02%
2020	0.7877	0.6019	0.1858	52,619,993	98.20%	99.07%
2021	0.7851	0.6019	0.1832	55,221,152	98.29%	98.76%
2022	0.7621	0.5988	0.1633	64,122,867	71.44% ⁽¹⁾	71.82% ⁽¹⁾

(1) Partial year collections as of January 31, 2023.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	FYE 2023 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
AEP Texas Inc.	Electric Transmission & Distribution	\$ 124,813,288	1.52%
Pumpco Inc.	Manufacturer	44,549,065	0.54%
Atmos Energy/Mid-Tex Distribution	Gas Distribution	40,199,627	0.49%
Fehr Food Inc.	Food Manufacturer	34,251,729	0.42%
Cebridge Acquisitions	Cable TV Provider	33,998,082	0.41%
Coca-Cola Southwest Beverages LLC	Beverage Distributor	32,927,853	0.40%
Welltower TCG NNN Landlord LLC	Developer	29,078,404	0.35%
Lowes Home Centers, Inc.	Home Improvement Store	27,815,787	0.34%
Partners Mall Abilene LLC (Mall of Abilene)	Retail Shopping Center	27,030,000	0.33%
CapX Ventures Fund I LLC	Real Estate Investment	24,000,000	0.29%
		<u>\$ 418,663,835</u>	<u>5.10%</u>

GENERAL OBLIGATION DEBT LIMITATION...No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "THE OBLIGATIONS - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY

Maximum Principal and Interest Requirements, All General Obligation Debt, 2024 ⁽¹⁾	\$ 30,602,691
\$.3841 Tax Rate at 97% Collection Produces	\$ 30,606,030
Maximum Principal and Interest Requirements, General Funded Purpose Debt, 2024 ⁽²⁾	\$ 12,691,662
\$.1593 Tax Rate at 97% Collection Produces	\$ 12,693,415

(1) Includes the Obligations and self-supporting debt. See "Table 1 – Valuation, Exemptions and General Obligation Debt." Preliminary, subject to change.

(2) Includes the Obligations, but excludes self-supporting debt. Preliminary, subject to change.

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TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas and from information furnished by the Central Appraisal District of Taylor County and the Jones County Appraisal Districts. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2022/23 Taxable Assessed Value ⁽¹⁾	2022/23 Tax Rate ⁽¹⁾	Total Tax Debt As of 4/1/2023	Estimated % Applicable	City's Overlapping Tax Debt As of 4/1/2023	Authorized But Unissued Debt As of As of 4/1/2023
City of Abilene	\$ 8,214,685,923	\$ 0.7621	\$ 358,745,000 ⁽²⁾	100.00%	\$ 358,745,000 ⁽²⁾	\$ 8,000,000 ⁽³⁾
Abilene Independent School District	6,020,274,785	1.2093	200,355,246	98.46%	197,269,775	-
Clyde Cons. Independent School District	709,449,081	1.2043	16,870,000	0.81%	136,647	-
Eula Independent School District	486,880,199	1.0437	3,677,000	35.05%	1,288,789	-
Hawley Independent School District	191,165,520	1.2196	4,150,000	0.96%	39,840	-
Jones County	788,052,534	0.5508	4,865,000	4.82%	234,493	-
Merkel Independent School District	521,405,964	1.0671	8,885,000	0.59%	52,422	-
Taylor County	11,519,602,089	0.5675	51,020,000	74.94%	38,234,388	-
Wylie Independent School District	2,793,245,044	1.0300	40,800,000	61.41%	25,055,280	-
Total Direct and Overlapping Tax Debt					\$ 621,056,633	
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation					7.56%	
Per Capita Overlapping Tax Debt					\$ 4,965.67	

(1) Source: Municipal Advisory Council of Texas.

(2) Includes self-supporting General Obligation Debt (see "Table 1 – Valuation, Exemptions and General Obligation Debt").

(3) Includes the Bonds. Upon issuance of the Bonds, the City will have no authorized but unissued debt remaining. See "Table 11 – Authorized but Unissued General Obligation Bonds." Preliminary, subject to change.

If the City's General Purpose Funded Debt of \$126,990,000 is included in the calculation in place of Total Tax Debt of \$358,745,000, the following results:

Total Direct and Overlapping Tax Debt	\$ 389,301,633
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation	4.74%
Per Capita Overlapping Tax Debt	\$ 3,113

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DEBT INFORMATION

TABLE 8 - PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended	Less:											
									Less:	Downtown		
				Waterworks and Sewer System	Hotel Convention Center General	General Purpose						
	Outstanding Debt ⁽¹⁾			The Bonds ⁽²⁾		The Certificates ⁽³⁾		Grand Total	General	Obligation	Funded	% of
9/30	Principal	Interest	Total	Principal	Interest	Principal	Interest	Requirements	Obligation Debt	Debt	Tax Debt	Principal Retired
2023	\$ 18,150,000	\$ 12,104,942	\$ 30,254,942	\$ -	\$ -	\$ -		\$ 30,254,942	\$ 17,451,787	\$ 240,000	\$ 12,563,155	
2024	18,265,000	11,243,691	29,508,691	205,000	342,000	205,000	342,000	30,602,691	17,440,729	470,300	12,691,662	9.92%
2025	18,365,000	10,584,329	28,949,329	275,000	274,031	275,000	274,031	30,047,391	17,055,706	495,200	12,496,485	
2026	18,895,000	10,004,584	28,899,584	285,000	263,531	285,000	263,531	29,996,646	17,043,158	548,100	12,405,389	
2027	19,100,000	9,439,604	28,539,604	295,000	252,656	295,000	252,656	29,634,916	17,052,988	573,900	12,008,028	
2028	19,335,000	8,796,341	28,131,341	305,000	241,406	305,000	241,406	29,224,153	17,053,169	573,600	11,597,385	
2029	19,630,000	8,113,639	27,743,639	320,000	229,688	320,000	229,688	28,843,014	17,059,497	572,700	11,210,817	36.13%
2030	19,730,000	7,444,702	27,174,702	330,000	217,500	330,000	217,500	28,269,702	17,056,459	571,200	10,642,043	
2031	20,095,000	6,784,491	26,879,491	340,000	204,938	340,000	204,938	27,969,366	17,043,979	574,000	10,351,387	
2032	20,650,000	6,111,720	26,761,720	355,000	191,906	355,000	191,906	27,855,533	17,065,976	571,100	10,218,457	
2033	21,245,000	5,415,714	26,660,714	370,000	178,313	370,000	178,313	27,757,339	17,043,986	503,900	10,209,453	
2034	21,830,000	4,691,049	26,521,049	385,000	164,156	385,000	164,156	27,619,362	16,909,270	502,400	10,207,691	64.66%
2035	22,590,000	3,929,707	26,519,707	400,000	149,438	400,000	149,438	27,618,582	16,916,753	500,300	10,201,528	
2036	21,885,000	3,156,990	25,041,990	415,000	134,156	415,000	134,156	26,140,302	17,056,690	502,500	8,581,112	
2037	20,800,000	2,411,564	23,211,564	430,000	118,313	430,000	118,313	24,308,189	17,075,289	499,000	6,733,900	
2038	18,930,000	1,727,102	20,657,102	445,000	101,906	445,000	101,906	21,750,915	16,206,277	499,800	5,044,837	
2039	18,705,000	1,095,098	19,800,098	460,000	84,938	460,000	84,938	20,889,973	16,216,423	-	4,673,550	93.11%
2040	13,195,000	558,848	13,753,848	480,000	67,313	480,000	67,313	14,848,473	11,047,748		3,800,725	
2041	7,640,000	213,475	7,853,475	500,000	48,938	500,000	48,938	8,951,350	6,343,875		2,607,475	
2042	2,120,000	51,309	2,171,309	520,000	29,813	520,000	29,813	3,270,934	2,171,309		1,099,625	
2043	440,000	5,870	445,870	535,000	10,031	535,000	10,031	1,535,932	445,870		1,090,063	
2044								-	-		-	100.00%
	\$ 361,595,000	\$ 113,884,767	\$ 475,479,767	\$ 7,650,000	\$ 3,304,969	\$ 7,650,000	\$ 3,304,969	\$ 497,389,705	\$ 308,756,938	\$ 8,198,000	\$ 180,434,767	

(1) Outstanding Debt includes self-supporting debt.

(2) Preliminary, subject to change. Average life of the Bonds – 11.521 years. True Interest Cost of the Bonds has been calculated at 3.828% for purposes of illustration.

(3) Preliminary, subject to change. Average life of the Certificates – 11.521 years. True Interest Cost of the Certificates has been calculated at 3.828% for purposes of illustration.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2023 ⁽¹⁾		\$ 12,563,155
Interest and Sinking Fund Balance, 9/30/2022	\$ 3,150,358	
Calculated Interest and Sinking Fund Tax Collections, 9/30/2023	<u>13,414,582</u>	
		<u>\$ 16,564,940</u>
Estimated Balance, 9/30/2023		\$ 4,001,785

(1) Excludes Self-Supporting Debt. Preliminary, subject to change.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT

Gross Income, Waterworks & Sewer System, Fiscal Year Ended 9/30/2022	\$ 68,180,150
Less: Net Operating Expenses, Waterworks & Sewer System, Fiscal Year Ended 9/30/2022 ⁽¹⁾	<u>40,209,817</u>
Balance Available for Other Purposes	\$ 27,970,333
Waterworks and Sewer System General Obligation Requirements, Fiscal Year Ended 9/30/2023	\$ 17,451,787
Percentage of Waterworks and Sewer System General Obligation Debt Self-Supporting	100.00%

(1) Excludes depreciation.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Election Date	Purpose	Amount Authorized	Amount Previously Issued	Amount Being Issued	Authorized But Unissued
11/8/2022	Fire Improvements	\$ 8,000,000	\$ -	\$ 8,000,000 ⁽¹⁾	\$ -
		<u>\$ 8,000,000</u>	<u>\$ -</u>	<u>\$ 8,000,000 ⁽¹⁾</u>	<u>\$ -</u>

(2) Principal plus premium applied to project costs. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT... The City does not anticipate issuing additional debt within the next 12 months. The City may incur non-voted debt payable from or secured by its collection of taxes and other sources of revenue, including tax notes, public property finance contractual obligations, and leases for various purposes.

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TABLE 12 - OTHER OBLIGATIONS**LEASES**

The City has obtained office space, copiers and other equipment through long-term leases. The terms and conditions for these leases varies. These leases are fixed, periodic payments over the lease term, which ranges between 2 -9 year. The City did not incur expense related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are no agreements that include sale-leaseback and lease-leaseback transactions.

As of September 30, 2022, the City had minimum principal and interest payment requirement for its leasing activities, with a remaining term more than one year as follows:

Fiscal Year Ended 9/30	Principal	Interest	Total
2023	\$ 339,361	\$ 22,820	\$ 362,181
2024	331,709	17,940	349,649
2025	221,436	13,094	234,530
2026	169,948	9,936	179,884
2027	147,191	7,397	154,588
2028-2030	401,786	9,045	410,831
	<u>\$ 1,611,431</u>	<u>\$ 80,232</u>	<u>\$ 1,691,663</u>

RETIREMENT PLANSPlan DescriptionsTexas Municipal Retirement System

The City provides pension benefits for all of its eligible employees, except firefighters, through a defined benefit cash-balance plan, one of 901 participating cities, administered by the Texas Municipal Retirement System Plan (TMRS). The TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. Such report may be obtained on TMRS' website at www.TMRS.com.

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

Abilene Firemen's Relief and Retirement Fund

The City provides pension benefits, through a single-employer defined benefit plan, for all of its firefighters not covered by the Texas Municipal Retirement System. The Abilene Firemen's Relief and Retirement Fund (AFRRF) is established under the authority of the Texas Local Fire Fighter's Retirement Act (TLFFRA). The fund is administered by a Board of Trustees. The Board is made up of three members elected from and by the fund members, two representatives of the City of Abilene, Texas, and two citizen members. The plan was most recently amended effective December 1, 2019. Audited financial statements are issued by the Plan and can be obtained from the City of Abilene.

All eligible firefighters of the City, not covered by TMRS or any other system or plan, are required to participate in AFRRF.

Benefits

Texas Municipal Retirement System (TMRS) - This plan 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 benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest and their age at retirement and other actuarial factors. The retiring members may select one of seven monthly benefit 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 member's deposits and interest. Members may choose to receive their retirement benefit in one of seven payment options.

Abilene Firemen's Relief and Retirement Fund (AFRRF) – This plan provides retirement, disability, and death benefits. Members hired before February 1, 2019 receive Tier 1 Benefits. A Tier 1 member is eligible for service retirement if they have completed 20 years of credited service and attained the age of 50. A member who retires under the service retirement provision will receive a monthly benefit equal to the sum of a) standard service benefit equal to 3 percent of the member's average monthly salary multiplied by the member's number of years of credited service not in excess of 20 years and b) an additional service benefit calculated as the sum of (i) the member's years of credited service in excess of 20 but not to exceed 21.5 years, multiplied by 3.0 percent of the member's average monthly salary and (ii) \$80.00 multiplied by the member's years of service credit in excess of 21.5. A Deferred Retirement Option Plan (DROP) is available to eligible members with 23 years of service and age 53.

All new hires will accrue benefits under a Tier 2 benefit structure. A Tier 2 member is eligible for service retirement if they have completed 20 years of credited service and attained the age of 53. Key provision of the approved Tier 2 benefit structure are listed below:

<u>Benefit</u>	<u>Tier 2</u>
Normal Retirement Age	53 / 20 years of service
AFC Period	5 years
Benefit Accrual Rate	2.75% per year
Maximum Accrual Rate	55% of AFC
Longevity Supplement	\$80/month after 20 years

Effective January 1, 2020, the definition of compensation excludes deployment pay and overtime hours in excess of 288 for purposed of determining the highest average salary.

Contributions

Texas Municipal Retirement System (TMRS) – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee total compensation, and the city matching percentages are either 1:1 (1 to 1); 1.5:1 (1 ½ to 1) or 2:1 (2 to 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 Abilene were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.97% and 10.67% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$6,960,209 and were equal to the required contributions.

Abilene Firemen's Relief and Retirement Fund (AFRRF) – The City's contribution rate for fiscal years 2021 and 2022 was 21.25% of each member's gross pay. Of this amount 1.75 percent of pay is dedicated to providing post-retirement benefit increase to inactive members, unless the contribution is needed in order to meet the funding requirements of the plan. Fund members contribution rate was 15.2% of gross pay for fiscal years 2021 and 2022. Employee contributions are "picked up" by the City, as permitted under Section 414(h)(2) of the Internal Revenue Code. For this reason, a members' contributions are excluded from taxable income when paid into the fund. The City's contributions to AFRRF for the year ended September 30, 2022 were \$3,758,585 and were equal to the required contribution.

Net Pension Liability

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability" (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plans.

Texas Municipal Retirement System (TMRS) - 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.

Abilene Firemen's Relief and Retirement Fund (AFRRF) – The City's Net Pension Liability (NPL) was measured as of September 30, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of October 1, 2021.

	Texas Municipal Retirement System	Abilene Firemen's Relief and Retirement Fund	Total
Measurement Date	December 31, 2021	September 30, 2022	
Total Pension Liability	\$ 337,557,402	\$ 127,368,380	\$ 464,925,782
Fiduciary Net Position	346,668,880	51,329,465	397,998,345
Net Pension Liability	<u>\$ (9,111,478)</u>	<u>\$ 76,038,915</u>	<u>\$ 66,927,437</u>

Actuarial Assumptions

Texas Municipal Retirement System

The Total Pension Liability 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
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Marl	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100%	

Abilene Firemen's Relief and Retirement Fund

The Total Pension Liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. Update procedures were used to roll forward the total pension liability from the actuarial valuation date to the pension plan's fiscal year-end.

Inflation	2.5% per year
Salary Increases	Service based
Discount Rate	7.5%
Investment Rate of Return	7.5%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equities	42.5%	7.50%
International Equities	17.5%	8.50%
Domestic Fixed Income	15.0%	2.50%
Private Fixed Income	2.5%	2.50%
Global Fixed Income	2.5%	3.50%
Private Real Estate	10.0%	4.50%
Infrastructure	5.0%	4.50%
GTAA	5.0%	3.50%
Total	100%	

Discount Rate

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

Abilene Firemen's Relief and Retirement Fund (AFRRF) – The discount rate used to measure the Total Pension Liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that City contributions will continue at the negotiated rate of 21.25% of payroll each year. Based on those assumptions, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan 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. For purposes of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 4.77% (based on the weekly rate closest to but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index); and the resulting single discount rate is 7.50%.

For more information concerning the City's Retirement Plans, see Appendix B, "Excerpts from the City's Annual Financial Report" - Note 10.

Supplemental Death Benefits Plan

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term insurance plan known as the Supplemental Death Benefits Fund (SDBF). This a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. 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). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500. The SBDF covers both active and retiree participants, with no segregation of assets, the SBDF is considered to be a single employer unfunded OPEB plan (i.e. no assets are accumulated).

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based upon 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.

For more information concerning the City's post-employment benefits, see the financial statements of the City, and the notes thereto.

FINANCIAL INFORMATION

TABLE 13 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2022 ⁽²⁾	2021	2020	2019	2018
Revenues:					
Taxes	\$ 99,053,218	\$ 90,942,097	\$ 86,560,171	\$ 81,818,316	\$ 79,113,365
Licenses and Permits	2,063,257	1,928,230	1,710,152	1,536,514	1,354,980
Fines and Forfeitures	1,044,143	984,914	1,119,330	1,419,364	1,489,137
Charges for Services	3,137,217	4,201,614	3,649,911	4,753,469	4,664,421
Intergovernmental Revenues	4,604,442	16,872,054	2,392,152	614,886	95,888
Assessments/Passenger Facility Charge	-	250	122	-	-
Interest and Miscellaneous	8,876,146	8,382,566	6,986,492	7,683,268	7,693,121
Total Revenues	\$ 118,778,423	\$ 123,311,725	\$ 102,418,330	\$ 97,825,817	\$ 94,410,912
Expenditures:					
General Government & Administration	\$ 15,688,660	\$ 5,387,712	\$ 5,558,400	\$ 5,059,377	\$ 4,861,003
Infrastructure & Development	9,593,282	-	-	-	-
Public Safety	60,080,122	-	-	-	-
Human Resources	-	1,922,493	1,806,687	1,647,939	1,600,024
Administrative Services	-	2,783,815	-	-	-
Finance	-	3,138,735	7,501,221	6,061,714	5,153,741
Planning and Development	-	2,439,041	2,375,946	2,304,474	2,130,233
Public Works	-	6,876,221	7,186,085	6,558,906	7,400,010
Facilities & Capital Improvement	-	-	-	2,994,503	3,178,690
Information Technology	-	1,767,898	2,148,756	-	-
Police	-	31,800,939	30,394,427	29,128,765	28,195,026
Fire	-	23,472,599	22,669,849	20,847,230	19,986,671
Transportation Services	-	2,238,819	2,008,041	1,990,577	2,120,644
Library	-	2,941,885	-	-	-
Community Services	17,756,179	11,573,040	12,118,518	12,852,938	11,931,636
Debt Service	155,000	-	-	-	-
Total Expenditures	\$ 103,273,243	\$ 96,343,197	\$ 93,767,930	\$ 89,446,423	\$ 86,557,678
Excess (Deficit) of Revenue over Expenditures	\$ 15,505,180	\$ 26,968,528	\$ 8,650,400	\$ 8,379,394	\$ 7,853,234
Other Financing Sources (Uses) ⁽¹⁾	(10,628,485)	(25,441,237)	(5,776,380)	(5,025,161)	(6,556,726)
Fund Balance at					
Beginning of Year	\$ 35,983,580	\$ 34,456,289	\$ 31,582,269	\$ 28,228,036	\$ 26,931,528
Fund Balance at End of Year	\$ 40,860,275	\$ 35,983,580	\$ 34,456,289	\$ 31,582,269	\$ 28,228,036

- (1) The City funded its CIP program with cash in the General Fund. It is the City's policy to maintain a General Fund balance equivalent to three months of operating costs of the general operating budget and any surplus is considered by the City Council to fund the City's CIP program.
- (2) Effective FY 2022, expenditures are being presented by program. The amounts for prior fiscal years have not been adjusted.

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TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues. State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6¼%). On August 12, 1989, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for economic development and an additional one-half of one percent (½ of 1%) for property tax reduction. Collection for the additional tax went into effect on January 1, 1990. The sales tax for economic development is collected solely for the benefit of the Development Corporation of Abilene, Inc., and may be pledged to secure payment of sales tax revenue bonds if issued by the Corporation in the future. No sales tax revenue has been pledged to secure payment of the Obligations.

Fiscal Year Ended 9/30	Total Collected ⁽¹⁾	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita ⁽²⁾
2019	\$ 35,193,024	73.67%	\$ 0.5528	\$ 283
2020	36,234,787	71.21%	0.5438	294
2021	39,550,277	75.16%	0.5695	320
2022	43,170,118	78.18%	0.5903	345
2023	14,755,373 ⁽³⁾	23.01%	0.1796	118

(1) Excludes collections of the 1/2 of 1% sales and use tax for economic development.

(2) See “Estimated Population” under “Table 3A - Valuation and General Obligation Debt History”.

(3) Partial year collections as of January 31, 2023.

FINANCIAL POLICIES

The City Council adopted the following Financial Policy on January 14, 2021.

General Policies

- (a) The City’s fiscal year shall begin October 1, and end September 30 of the following calendar year.
- (b) The City shall account for all revenue and expenditures on a budget basis, except in those instances where identified elsewhere in this policy.
- (c) The City shall adopt the budget on or before the 25th day in September of the previous budget year. Should the City Council fail to enact a budget within this time period, then the budget as submitted by the City Manager becomes the legally authorized budget.
- (d) The budget as adopted must set forth the appropriations for services, functions and activities of the various city departments and agencies, and shall meet all fund requirements provided by law and required by bond covenants.
- (e) The budget shall balance upon adoption and at year’s end. At the close of each fiscal year, any unencumbered appropriation balance shall lapse and revert to the unassigned fund balance, unless Council designates the balance for other purposes.
- (f) The City shall comply with all applicable federal, state and local requirements in the conduct of its financial affairs and shall conform to the practices set forth by the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP).

(g) The budget for all capital projects are legally adopted for specific projects using project length budgeting rather than fiscal year based budgeting. The unencumbered appropriated balance for capital projects does not lapse at fiscal year end, rather they lapse at the conclusion of the project. Unencumbered appropriated balances at the conclusion of a capital project are transferred to the Minor Improvement Fund, the Utility Capital Development Fund, or such other fund as may be specified by the City Council.

(h) Formal budgetary integration is not employed for the proprietary funds. The City adopts an annual budget as a financial plan for all proprietary funds. These budgets are used in a manner similar to commercial enterprises to determine whether their costs will be recovered or to estimate the amount of subsidy needed from the City, if costs are not meant to be recovered.

(i) The City shall strive to ensure that the taxpayers receive the full benefit of “qualified” tax-exempt debt issuances and do not subsidize the interest expense of other debt issuers using corporations created by the City on their behalf. Any differential in interest expense to the City between “qualified” and “non-qualified” tax exempt debt status that results from debt issued through corporations established by the City Council will be borne by those issuers of debt. The differential will be prorated among the issuers utilizing the corporations based on the amount of debt it issues to total debt issued by all corporation issuers during the calendar year. Any differential in the City’s cost shall be calculated by the City’s financial advisor based on market conditions on the date of the City sale of debt.

(j) The budget document shall contain a fund summary sheet(s) that lists all funds, their beginning and ending balances, the anticipated revenues and the appropriated expenses authorized for the fiscal year being appropriated. It being the intent of this requirement that the taxpayer may see all sources and uses of public funds in one section of the budget document.

Long range planning

The City of Abilene shall conduct an annual strategic planning session at the start of the budget process in the early spring. Council shall consider current strategic goals, the adoption of additional goals, the current financial condition of the City, and the impact that current and future operating and capital needs will have on the financial condition of the City for the upcoming fiscal year and four subsequent years thereafter.

Budget reserves and capital project funds

(a) The City shall strive to maintain an unassigned fund balance of twenty-five (25%) percent of General Fund expenditures. A fund balance of less than twenty (20%) percent is cause for concern.

(b) The City shall strive to maintain an unassigned fund balance of twenty-five (25%) percent of Utility Fund expenditures. A fund balance of less than twenty (20%) percent is cause for concern.

(c) The City shall contribute 5% of sales tax receipts to a “Minor Improvement Fund” for general government related capital project purposes. In order to achieve this requirement without impacting the ability to provide essential services, the City shall phase in the contribution over a three-year period. For FY 2022, the contribution shall be 1.66%, for FY 2023 the contribution shall increase an additional 1.67%, and for FY 2024 the contribution shall increase an additional 1.67%. In the event transferring 5% of sales tax receipts into the Minor Improvement Fund, creates a financial hardship, the Council will be notified and will be asked to provide direction on whether or not to make the required transfer.

(d) The City shall contribute 5% of utility sales to a “Utility Capital Development Fund” for expansion of the utility system to unserved, or underserved areas, and for other business activity related capital needs. In order to achieve this requirement without impacting the ability to provide essential services, the City shall phase in the contribution over a three-year period. For FY 2022, the contribution shall be 1.66%, for FY 2023 the contribution shall increase an additional 1.67%, and for FY 2024 the contribution shall increase an additional 1.67%. In the event transferring 5% of utility sales into the Utility Capital Development Fund, creates a financial hardship, the Council will be notified and will be asked to provide direction on whether or not to make the required transfer.

Capital Project Budgeting

(a) The City may consider the use of pay as you go financing by using the Minor Improvement Fund or Utility Capital Development Fund when prudent.

(b) The City shall schedule bond issues so that an equal principal amount is retired each year over the life of the issuance, thus producing a total debt service schedule with a declining balance each year. (This does not prohibit the issuance of new debt.)

Revenue Policies

Revenue diversification - The City shall seek ways to reduce its reliance on ad-valorem tax by pursuing and adopting alternative revenue streams as allowed by statute and entrepreneurial endeavors.

Fees and charges -

(a) The City shall review fee schedules every year through the budget process to ensure that all fees and service charges capture the revenue requirements set forth by the City Council.

(b) Fees and charges should recover direct costs and indirect costs. A cost of service study should be completed at least once every five years.

(c) The City will use the following methodologies to determine fees and charges:

(1) Full-cost and return on investment pricing — under most circumstances, enterprise services should be priced at full cost, including both direct and indirect costs associated with providing the service. A return on investment should also be considered.

(2) Partial-cost pricing — partial-cost pricing is the subsidy of a program or service with tax revenues and it is justified

(1) When some of the benefits from the service accrue to the whole community, or (2) the City wants to stimulate demand for the service, or (3) enforcement of full-cost pricing will result in widespread evasion of the fee or charge, or (4) the service is primarily used by low-income households. Council shall determine how much a service should be subsidized, will use the following table to determine the amount of subsidy.

For each question in the table below, if answered in the affirmative.

25 points are assigned. The total points for all questions equals the percent discount off full-cost pricing for the program or service.

Question	Weight
Does a substantial portion of the program or service benefit the whole community?	25
Does the City need to stimulate demand for the program or service?	25
Will full cost pricing cause widespread evasion of the program or service?	25
Is the program or service primarily used by low income households?	25
Percent discount off full-cost pricing	100%

Use of one-time revenues and other unpredictable revenues

The City shall use one-time revenues (gas and oil royalties, cash settlements. etc.) for non-recurring capital purchases. At no time may the funds be used for recurring costs (salaries, dues, etc.), except for cases of emergency, and as authorized by the City Council.

Expenditure Policies

Current expenditures paid with current revenues

The City shall fund current operating expenditures with current operating revenues, approved grants or through the use of fund balance if specifically authorized by the City Council.

Regular financial reporting required

The City Manager, or his or her designee, shall provide a report on the financial conditions of the City of Abilene to the City Council no less frequently than once per quarter.

Department Heads responsible for adherence to the adopted budget

Department Heads are charged with budgetary responsibility for managing the expenditures of their departments. Department heads are expected to manage total expenditures within the limits established by City Council during the budget process for that fiscal year. The department head shall notify the City Manager and Finance Director in writing as soon as possible when it is identified that total expenditures are expected to exceed the authorized limits of the adopted budget.

City Manager empowered to adjust allocations as necessary

The City Manager or his or her designee, is empowered to adjust budget allocations within departments, and from department to department, but is not authorized to increase total budget appropriations within a fund without prior Council approval. The City shall only expend funds, regardless of the funding source, if they have been appropriated for expenditure by the City Council.

Number of authorized positions established by the City Council

(a) The number of authorized full-time positions are established by the City Council during the annual budget process. Part time, seasonal or temporary positions are budgeted not by authorized positions, but by authorized total dollar amounts.

(b) The City Manager may employ the number of part time, seasonal or temporary employees necessary to perform the required work provided the City Manager does not exceed the total authorized dollar amount. Any increase of full-time positions above the City's authorized workforce must be approved by the City Council.

(c) The City Manager may reallocate authorized positions between departments, combine positions, or eliminate positions for the purpose of adding new positions or redistributing the workforce without Council approval, provided that the total authorized positions and the total appropriated funds do not exceed the levels approved by the City Council during the annual budget process, or as may otherwise be amended by the City Council.

Revenues collected in excess of revised budget.

Purpose

The purpose of this policy is to establish rules governing the use of revenues collected in excess of revised budget amounts for the General Fund in any given fiscal year.

Policy and Procedure

The City shall exercise sound, conservative principles and other recognized best practices when estimating revenues to be collected in any given fiscal year. It is recognized that the use of these principles have historically resulted in the collection of revenues in excess of budgeted amounts, and may continue to do so in the future. For any given fiscal year, it shall be the policy of the City Council of the City that the City shall collect and expense revenue in excess of amounts needed to balance expenditures as follows:

(a) Revenues to be set aside at annual audit

1. The annual audit shall identify revenue in excess of revised budget amounts.

2. Identified revenues shall be set aside in the Minor Improvement Fund for Council's consideration and expended in accordance with an adopted funding program.

(b) Funds to be spent in accordance with an adopted funding program

1. The City Council shall adopt a funding priority list as part of the annual budget process for the upcoming fiscal year. The funding program shall consider unfunded budget requests, additional resources for recurring operating expenses, one-time capital expenditures, dedication of resources for capital replacement funds or other internal service funds.

2. The City Manager shall inform the City Council of the auditor's findings and present a recommended funding program based on Council's adopted funding priority list within 30 days of receiving the final audit. The

City Manager may recommend a program that differs from the adopted Council funding priority list if, in the opinion of the City Manager, a business necessity exists.

3. The City Council may authorize the City Manager to expend revenue in excess of revised budget amounts, and in accordance with the City Manager's recommended funding program as amended and adopted by the City Council.

(c) Reserve requirement obligations

1. Nothing in this policy supersedes the City's obligation to maintain reserve requirements at their adopted levels.

INVESTMENTS

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

Under State law, the City is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints, in compliance with the PFIA, the institution in clause (9)(i)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and

the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the 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 is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value, and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City.

ADDITIONAL PROVISIONS . . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City 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 City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase

agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 15 - CURRENT INVESTMENTS

As of January 31, 2023, the City's investable funds were invested in the following categories:

Investment Type	Percent of Total Investments	Purchase Price	Fair Market Value ⁽¹⁾
Government Agency Investments	6.30%	\$ 11,985,460	\$ 11,793,390
Local Government Investment Pools	70.50%	134,059,921	134,059,921
Money Markets	2.56%	4,869,221	4,869,221
US Treasury Bills/Notes	20.63%	39,235,777	39,176,861
	100.00%	\$ 190,150,379	\$ 189,899,393

(1) All investments will mature within 37 months and the market value of the total investment portfolio was approximately 99.9% of its purchase price.

TAX MATTERS

OPINION... On the date of initial delivery of the Obligations, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the City, will render its respective opinions with respect to the Obligations that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Obligations for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Obligations will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds and Certificates. See Appendix C -- Forms of Bond Counsel's Opinions.

In rendering its opinions, Bond Counsel to the City will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Obligations and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Obligations to become includable in gross income retroactively to the date of issuance of the Obligations.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Obligations in order for interest on the Obligations to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Obligations to be included in gross income retroactively to the date of issuance of the Obligations, as applicable. The opinions of Bond Counsel are conditioned on compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Obligations.

Bond Counsel's opinions represent its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinions are not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Obligations.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Obligations or the projects financed with the proceeds of the Obligations. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Obligations, or as to whether the Internal Revenue Service would agree with the opinions of Bond Counsel. If

an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the holders of the Obligations may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT...The initial public offering price to be paid for one or more maturities of the Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the tax-exempt obligations may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Obligations"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the particular series of obligations less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

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

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

Prospective purchasers should be aware that because the first interest payment will be made more than one year after the issue date of the Bonds, the first payment may be treated as original issue discount. While such treatment of the payment will not adversely affect the excludability of the interest portion of the payment from a holder's gross income, special tax accounting treatment may apply. This tax accounting treatment would cause a portion of the interest payment to be recognized in the taxable year in which the Bonds are purchased, rather than the taxable year in which the payment is received by the holder. This treatment may accelerate the recognition of any portion of the payment which is treated as market discount and any other collateral federal income tax consequences for certain holders. Prospective purchasers should consult their tax advisors for advice regarding such consequences.

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

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES...The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Obligations. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Obligations may be includable in certain corporations' "adjusted financial statement income" determined section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

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

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

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

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

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

CONTINUING DISCLOSURE OF INFORMATION

In each of the Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of the respective series of Obligations. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Bonds or Certificates, as applicable. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB. 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 under Tables numbered 1 through 6 and 8 through 15 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 15 within six months after the end of each fiscal year ending in and after 2023. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2023. If the audit of such financial statements

is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the United States Securities and Exchange Commission (the “SEC”). The City will provide the updated information to the MSRB through the “EMMA” information system in accordance with Rule 15c2-12 (the “Rule”) promulgated by the SEC.

The City’s current fiscal year end is September 30. Accordingly, it must provide updated information included in Tables 1 through 6 and 8 through 15 by March 31 in each year, unless the City changes its fiscal year and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) by September 30 in each year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation 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 trustee or the change of name of a trustee, 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 any such 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 any such financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under “Annual Reports”.

For these purposes, any event described in (12) in 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. For the purposes of the above describe event notices (15) and (16), the term “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

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

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain specified 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 of the 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) a qualified 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 the 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 Certificates. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule. The City has taken steps to remedy an instance where its annual filing for fiscal year ending 2019 was not properly linked to one maturity of an outstanding series of obligations.

OTHER INFORMATION

RATINGS

The Obligations are rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by Fitch Ratings ("Fitch"). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price or marketability of the Obligations.

LITIGATION

It is the opinion of the City Attorney and City staff that there is no pending litigation against the City that, if decided adversely to the City, would have a material adverse financial impact upon the City or its operations.

CYBERSECURITY RISK MANAGEMENT

The City's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. While the City continually assesses and monitors its cybersecurity risks, the City has been (and may be in the future) subject to cyber-attacks from time to time. In response to such assessments and monitoring, the City takes actions it deems appropriate in response to cybersecurity risks, including, but not limited to, implementing cybersecurity training programs, obtaining technology improvements to mitigate cybersecurity risks, and taking other similar measures. To date, the City has not been the victim of any cyber-attack that has had a material adverse effect on its operations or financial condition. However, no assurance can be given that the City will fully prevent or successfully remediate the operational and/or financial impact of any cybersecurity incursions or incidents arising from events wholly or partially beyond the City's control, including electrical telecommunications outages, natural disasters or cyber-attacks initiated by criminal activities of individuals or organizations. Any such occurrence could materially and adversely affect the City's operations and/or financial condition.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations 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 provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Obligations are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Obligations be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with capital of at least one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

No representation is made that the Obligations will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Obligations for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Obligations for such purposes.

LEGAL MATTERS

The City will furnish complete transcripts of proceedings had incident to the authorization and issuance of each respective series of the Obligations, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bond and the Initial Certificate, and to the effect that the Bonds and Certificates, respectively, are valid and legally binding obligations of the City, and based upon examination of such transcripts of proceedings, the approving legal opinions of Bond Counsel with respect to each respective series of Obligations, to like effect and to the effect that the interest on the Obligations will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. Though it may represent the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Obligations, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Obligations. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "THE OBLIGATIONS" (exclusive of the last two sentences of the subcaption "Tax Rate Limitation" and the subcaptions "Book-Entry-Only System," "Obligationholders' Remedies" and "Sources and Uses of Proceeds"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Obligations for Sale," "Legal Opinions" (exclusive of the last sentence thereof) and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "OTHER INFORMATION" in the Official Statement and such firm is of the opinion that the information relating to the Obligations and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Obligations, such information conforms to the Ordinances. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas.

The 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 that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. HilltopSecurities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the

federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at a price equal to the initial offering prices to the public shown on page 2 of this Official Statement, less an underwriting discount of \$ _____. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased.

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City, at a price equal to the initial offering prices to the public shown on page 4 of this Official Statement, less an underwriting discount of \$ _____. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased.

The Obligations to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Obligations, and such public offering prices may be changed, from time to time, by the Underwriters.

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

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and 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. Reference is made to original 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 will authorize its further use in the reoffering of the Obligations by the Underwriters.

Mayor
City of Abilene, Texas

ATTEST:

City Secretary
City of Abilene, Texas

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

The City of Abilene, County Seat of Taylor County, Texas, is primarily located in northern Taylor County with a small portion of the City located in Jones County to the north. Located 150 miles west of Fort Worth and 180 miles west of Dallas, Abilene is the economic, medical, educational and cultural center of this West Central Texas area.

POPULATION

	City of Abilene ⁽¹⁾	Taylor County ⁽²⁾
1920 Census	10,274	24,081
1930 Census	23,175	41,023
1940 Census	26,612	44,147
1950 Census	45,570	63,370
1960 Census	90,368	101,078
1970 Census	89,653	97,853
1980 Census	98,315	110,932
1990 Census	106,707	119,655
2000 Census	115,930	126,555
2010 Census	117,179	127,683
2019 Estimated	124,557	136,290
2022 Estimated	125,070	143,326

(1) With the exception of U.S. Census figures, population estimates are provided by the City of Abilene, Texas.

(2) With the exception of U.S. Census figures, population estimates are provided by Taylor County, Texas.

BUSINESS AND INDUSTRY

Manufacturing plants in Abilene and its immediate vicinity produce such products as oilfield manufacturing, pet foods, food packaging products, structural steel products, soft drinks and soft drink containers, bakery products, vegetable oil products, poultry and livestock feeds, tire retreading products, sprockets and gears, pressure vessels, and ski boats.

LABOR FORCE ESTIMATES

	Annual Averages				
	2023 ⁽¹⁾	2022	2021	2020	2019
Abilene					
Civilian Labor Force	59,896	58,743	79,027	77,865	78,777
Total Employment	57,407	56,713	75,472	73,531	76,424
Unemployment	2,489	2,030	3,555	4,334	2,353
Percent Unemployment	4.2%	3.5%	4.5%	5.6%	3.0%
Taylor County					
Civilian Labor Force	70,203	68,871	65,165	66,148	65,341
Total Employment	67,388	66,574	62,246	62,540	63,379
Unemployment	2,815	2,297	2,919	3,608	1,962
Percent Unemployment	4.0%	3.3%	4.5%	5.5%	3.0%
State of Texas					
Civilian Labor Force	14,962,132	14,662,558	14,220,446	13,983,319	14,027,575
Total Employment	14,312,061	14,092,833	13,413,036	12,915,337	13,528,932
Unemployment	650,071	569,725	807,410	1,067,982	498,643
Percent Unemployment	4.3%	3.9%	5.7%	7.6%	3.6%

Source: Texas Workforce Commission; subject to revision.

(1) Data through February 2023.

ECONOMIC INDICES, CITY OF ABILENE

Calendar Year	Building Permits	Water Utility Connections
2019	\$ 232,479,254	41,563
2020	269,586,252	41,394
2021	786,754,102	41,828
2022	344,221,553	42,763
2023 ⁽¹⁾	9,445,553	43,056

Source: The City.

(1) Figures as of February 24, 2023.

CITY OF ABILENE BUILDING PERMITS BY CLASSIFICATION

Year	Residential (Single-Family)		Business	Schools	Miscellaneous,	Total
	Number of Units	Value	Industrial and Apartments	and Churches	Alterations and Repairs	
2019	352	\$ 89,663,053	\$ 78,035,374	\$ 36,000,000	\$ 28,780,827	\$ 232,479,254
2020	356	N/A	(2) 136,010,683	88,490,554	45,085,015	269,586,252
2021	559	N/A	(2) 619,829,111	11,270,000	155,654,991	786,754,102
2022	452	N/A	(2) 271,645,382	9,529,180	63,046,991	344,221,553
2023 ⁽¹⁾	40	N/A	(2) 1,150,000	-	8,295,553	9,445,553

(1) Figures as of February 24, 2023.

(2) As a result of HB 852 residential valuations are no longer obtained.

TOP 25 EMPLOYERS

Company	Type of Business	Estimated Employees
Dyess Air Force Base	Air Force Base	8,864
Hendrick Health System	Hospital	4,032
Abilene Independent School District	Public School	2,450
Abilene Christian University	Private University	1,900
City of Abilene	City	1,300
State Supported Living Center	Mental Health	1,225
Texas Department of Criminal Justice	Prisons	1,187
BlueCross BlueShield of Texas	Health Insurance Call Center	1,061
Taylor County	County	560
First Financial Bank	Banking and Financial Services	540
Eagle Aviation Services	Aviation Mechanic	470
Hardin-Simmons University	Private University	424

Source: Abilene Industrial Foundation

INDUSTRIAL/COMMERCIAL DEVELOPMENT

In 1989, the City set a precedent for the rest of Texas when Abilenians voted to become the first community to adopt a half-cent sales tax devoted specifically to economic development. Because of new life in retail trade and industrial expansion, Abilene's economic development sales tax collections have grown from just under \$4 million in 1990 to \$14.4 million in FY 2022.

Abilene has been receptive to the changes that were necessary to pull out of the slump caused by the economic downturn of the 1980's. The direction became to continue targeting better jobs that will further stabilize and enhance Abilene's economy while improving the quality of life for its citizens. A hard lesson was learned when several of the city's major employers, like Lockheed Martin, Texas Instruments and US Brass pulled up stakes and left town. Today, any viable community must support many smaller companies to provide a stable employment and property tax base.

Thirty years ago, City Council authorized the creation of the Development Corporation of Abilene, Inc. (DCOA) pursuant to the Development Corporation Act of 1979 (Texas Civil Statutes Article 5190.6), hereinafter referred to as the "Act". The Act allows municipalities to create a nonprofit corporation that will promote the creation of new and expanded industry and manufacturing activity within the municipality and its vicinity. The DCOA is a five-member board appointed by the Mayor and operates separately from the City of Abilene as a nonprofit with its own federal tax identification number.

DCOA Promotes growth and development in Abilene's industrial, commercial and educational sectors with the goal to further diversify the economy. The DCOA utilizes many assets to increase capital investment and grow primary jobs. Two business parks: Five Points Business Park in West Abilene and Access Business Park East Abilene are among these assets:

- The Five Points Business Park is located on I-20 with rail service available, enhanced water pressure, fiber optics supported telecom, electrical capability and streetlights, and boasts such tenants as Texas Department of Transportation, Texas Healthcare Linen, Atmos Energy, Broadwind Towers, Pactiv Industries, Primal Pet Group, Amazon, Hartmann's Inc., Bavarian Polymers, and FedEx. The Park has about 422 acres available for new development.
- The Access Business Park is designed for high-end, upper-business class industrial development due to its location directly across from the Abilene Regional Airport and access to major highways. Great Lakes Cheese, a packaging and distribution facility, serves as the Park's anchor. The Park has about 45 acres available with additional acreage located nearby.

The City recently created the Abilene Convention Center Hotel Development Corporation (the "ACCHDC") as a public, nonprofit corporation in accordance with Subchapter D of Chapter 431, Texas Transportation Code, for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City, including aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote and accomplish the development of the geographic area of the City included at or in the vicinity of the Abilene Convention Center. The City and the ACCHDC are in the process of constructing a downtown convention center hotel with an expected opening in the summer of 2023.

AGRICULTURE

Abilene is the center of a well-developed agricultural area. The major source of agricultural income is production and marketing of livestock. Principal crops are grain sorghums, wheat and cotton.

MINERAL PRODUCTION

Oil and natural gas are produced in an 18 county area surrounding Abilene.

Taylor County Statewide Onshore Oil & Gas Production Annual Totals, 2019 - 2023

Date	Oil (BBL)	Casinghead (MCF)	GW Gas (MCF)
2019	352,008	150,150	14,195
2020	348,083	163,017	13,676
2021	330,399	145,385	12,275
2022	303,948	101,022	10,653
2023 ⁽¹⁾	12,019	5	956

Source: Texas Railroad Commission.

(1) Data through January 31, 2023.

HIGHER EDUCATION - UNIVERSITIES AND COLLEGES

Abilene is home of three co-educational, liberal arts universities, and has extension campuses for Cisco Junior College and Texas State Technical College. Abilene Christian University, established in 1906, is closely affiliated with the Church of Christ and has an estimated enrollment of 4,460. The University is located on a campus of 208 acres, with an additional 500 acre experimental farm.

Hardin-Simmons University, originally established as Abilene Baptist College in 1891, is a coeducational, liberal arts university; the University is a church-related institution affiliated with the Baptist General Convention of Texas with estimated enrollment of over 2,200 each semester.

McMurry University is a coeducational, liberal arts college founded in 1923 by the Northwest Texas Conference of the Methodist Church and is now jointly owned and operated by the Northwest Texas and New Mexico Conferences of the United Methodist Church. The University enrolls an estimated 1,200 students each semester.

The Abilene Educational Center of Cisco Junior College, a State funded off-campus center of Cisco College District, Cisco, Texas, offers core academic programs at the junior college level leading to an associate degree and vocational-technical courses and maintains enrollment of approximately 2,800.

Texas State Technical College - Abilene Center is a State funded branch of the Texas State Technical College's Sweetwater, Texas, main campus. The college offers occupationally oriented programs in technical and vocational areas such as machining, automated office skills, electronics servicing, information management skills, drafting and design technology and others. Estimated enrollment per semester is 1,200.

The Anita Thigpen Perry Texas Tech School of Nursing and the Texas Tech School of Pharmacy have recently been located in the City as branches of the Texas Tech University Health Sciences Center and has an estimated enrollment of 560.

OTHER EDUCATIONAL INFORMATION

Abilene Independent School District, which includes approximately 90% of the City of Abilene, has a current enrollment of 15,680 and approximately 1,900 employees including professional and other personnel.

GOVERNMENT AND MILITARY

Abilene is the location of more than 50 State and Federal offices and facilities including Dyess Air Force Base.

DYESS AIR FORCE BASE... Located in and adjacent to Abilene, is a 6,430 acre permanent base of the Air Combat Command. There are an estimated 5,400 military & civilian personnel at the base. Dyess is the home base for the 7th Wing of the Air Combat Command and the home base of the 317th Airlift Group. The Wing flies the B-1 bomber and the C-130. Annual economic impact on Abilene is in excess of \$532 million. As the primary training base for the B-1 bomber, Dyess was not affected by the base closure program of the Department of Defense.

STATE PRISON... The Texas Department of Criminal Justice operates a maximum security State prison in Abilene. Designated the French Robertson Unit - Abilene, the prison, located in north Abilene on a 314 acre site donated by the City, opened in November, 1992. The prison has four 432-bed housing groups clustered around a central support core of administration, medical, education, laundry and food service facilities. A garment factory provides approximately 270 inmate jobs and produces inmate uniforms for State prison system use. The Unit has 2,746 inmates (max capacity at 2,984) and has an estimated 1,190 employees with an annual payroll in excess of \$21 million. The City of Abilene provides water, sewer and sanitation services for the Unit at regular City commercial rates.

STATE TRANSFER FACILITY... The Texas Department of Criminal Justice operates a 2,128 inmate capacity transfer center on a site immediately east of the Robertson Unit. Designated the John W. Middleton Unit - Abilene, this transfer facility is designed to alleviate overcrowding of Texas county jails and serves as temporary housing for State inmates being processed into State prisons; inmates may be housed at a State transfer facility for not over 12 months before being moved to a State prison. The facility has an estimated 527 employees with 378 employees utilized for security. The City of Abilene provides water, sewer and sanitation services for the facility at regular City commercial rates.

HOSPITALS AND MEDICAL CARE

Hendrick Health System operates two major medical centers with a total of 850 licensed beds. They also operate an accredited nursing school and are the health services provider to the two State Department of Criminal Justice Units in Abilene.

Abilene has over 250 practicing physicians and surgeons (M.D.) and over 57 dentists. A radiology center for the treatment of malignant diseases is located in the City. West Texas Rehabilitation Center, a non-profit organization offering diagnostic, neurological and rehabilitation services to the handicapped, is located in Abilene.

RECREATION AND ENTERTAINMENT

The City of Abilene has numerous developed parks and six Golf Courses. The City of Abilene Convention Center and Taylor County Coliseum provide areas for community events, concerts, conventions, fairs and livestock shows. Also available to residents are Abilene Christian University, Hardin-Simmons University and McMurry University programs and events, the Morgan Jones Planetarium (owned and operated by the Abilene Independent School District), Abilene Symphony Orchestra, Abilene Community Theatre, Museums of Abilene, the Paramount Theater, City of Abilene Zoo, City of Abilene Library, the annual West Texas Fair and sporting events. Additionally available to residents and tourists is Frontier Texas!, The Grace Museum (Art Museum, History Museum, and Children's Museum), National Center for Children's Illustrated Literature (NCCIL), The Center for Contemporary Arts, Elks Arts Center, 12th Armored Division Memorial Museum, Dyess Air Force Base, Buffalo Gap Historical Village, Abilene State Park, Abilene Skate Park, Abilene Speedway, Abilene Ballet Theatre, Abilene Opera Association, Abilene Classical Chorus and Classical Youth Chorus, Texas Forts and Trail Visitor Center, Fort Phantom Hill, and Prime Time Entertainment (includes laser tag, miniature golf, electric go-carts, bumper cars, climbing wall, bowling lanes, arcade, and a coffee bar).

Abilene State Park, located 19 miles southwest of Abilene, contains 621 acres. Maintained and operated by the State of Texas, the park provides recreational and camping facilities.

CHURCHES

Abilene has over 100 churches representing all major denominations.

MEDIA

One daily newspaper.

Television and Radio - 4 network channels; cable provides multi-channel access including the Public Broadcasting System. There are several AM and FM radio stations.

UTILITY SERVICES

Water and Sewer - City of Abilene.
Electric – AEP Texas or alternatives.
Natural Gas – Atmos Energy

TRANSPORTATION

Abilene and Taylor County have a highway system which includes U.S. Interstate Highway 20, three U.S. highways, two State highways and a network of paved farm-to-market roads.

Rail transportation is furnished by the Union Pacific Railroad and the Southern Switching Company.

Airline transportation is furnished at Abilene Regional Airport with non-stop service provided primarily by Envoy (formerly known as American Eagle). Passenger enplanements for 2022 were 76,000. Airport facilities include a recently remodeled terminal, two lighted runways of 7,200' each suitable for jet aircraft and a 3,685' crosswind runway, complete taxiway system, a FAA control tower and instrument landing system and extensive general aviation services. Other major airport tenants include: Abilene Aero, which provides full service fixed base operator services including aircraft fueling and maintenance. Texas State Technical College utilizes a renovated 34,000 square foot hangar at the Airport for teaching aviation maintenance technology and flight instruction. Eagle Aviation Services, Inc., a subsidiary of American Eagle, operates a major aircraft maintenance facility at the Airport. The City continues to make improvements to the airport to meet the demands of its growth.

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APPENDIX B

EXCERPTS FROM THE

CITY OF ABILENE, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2022

The information contained in this Appendix consists of excerpts from the City of Abilene, Texas Annual Financial Report for the Year Ended September 30, 2022, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Abilene, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Abilene, Texas (City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Abilene Firemen's Relief and Retirement Fund, a fiduciary component unit of the City, which represent approximately 42 percent of the total assets, 49 percent of fund balance/net position and negative 6 percent of the total revenues/additions of the aggregate remaining fund information of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the aggregate remaining fund information, insofar as it relates to the amounts included for the Abilene Firemen's Relief and Retirement Fund is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Abilene Convention Center Hotel Development Corporation, a discretely presented component unit of the City, and the Abilene Firemen's Relief and Retirement Fund, a fiduciary component unit of the City, were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matters

As discussed in *Notes 1 and 9* to the financial statements, in fiscal year 2022 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. As discussed in *Note 20* to the financial statements, on October 1, 2021, the City began reporting the Airport Fund as a business-type activity.

As discussed in *Note 17* to the financial statements, in fiscal year 2022, Abilene Convention Center Hotel Development Corporation, a component unit of the City, restated beginning net position for an error correction.

Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of state awards as required by the *Texas Grant Management Standards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, and schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections and the SEC disclosures but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

FORVIS, LLP

**Dallas, Texas
March 24, 2023**

MANAGEMENT'S DISCUSSION AND ANALYSIS





CITY OF ABILENE, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF SEPTEMBER 30, 2022

As management of the City of Abilene, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page I-3 of this report.

FINANCIAL HIGHLIGHTS

On a government-wide basis the City's restated net position increased by \$44 million or 9% as a result of operations. This increase was made up of an increase in governmental activities net position of almost \$26 million or 17% and an increase in our business-type activities net position of almost \$18 million or 6%. Additionally, total assets increased \$87 million or 9%, deferred outflows of resources increased \$8 million, liabilities increased \$41 million or 9%, and deferred inflows of resources increased \$10 million.

The City's total revenues decreased by \$2 million or less than 1% which is the combined result of a \$12 million decrease in governmental activities and \$10 million increase in business-type activities revenue. In fiscal year 2022, Airport operations were moved from the governmental activities to business-type activities.

Total expenses of all City programs increased by \$10 million or 5%, which is primarily attributed to a decrease in governmental activities expenses of \$3 million and a \$13 million increase in business-type activities.

The General Fund's revenues exceeded expenditures by \$16 million reduced by net transfers and issuance of debt for lease financing of (\$11) million, resulting in a net increase to fund balance of \$5 million or 14%.

On a budgetary-basis, the City's General Fund revenues exceeded budget by \$7 million or 6% and total expenditures were below budgeted amounts by \$2 million or 2%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements - The government-wide financial statements are composed of the Statement of Net Position and Statement of Activities. These statements are designed to provide information about the activities of the City as a whole and present a longer-term view of the City's finances. These statements include all assets and liabilities using the accrual basis of accounting which is similar to private-sector businesses. All of the current year's revenues and expenses are included regardless of when cash is received or paid. The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities presents information showing how the City's net position changed during the fiscal year.

Both of the government-wide financial statements are divided into three kinds of activities:

Governmental activities – The City's basic services that are financed by property, sales and franchise taxes as well as state and federal grants are reported here. The governmental activities of the City include general services and administration, infrastructure and development, public safety, and community services.

Business-type activities – Fees charged to customers provide the majority of support for these type of activities. The business-type activities of the City include water and sewer services, airport, solid waste services, stormwater services, and transit operations.

Component units – This section includes entities that the City is financially accountable for even though they are legally separate. The City includes the Development Corporation of Abilene and Abilene Convention Center Hotel Development Corporation in this section.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements – The fund financial statements provide detailed information about the most significant funds of the City, and are not representative of the City as a whole. Some funds are required to be established by law and by bond covenants. Other funds are established to maintain control and manage money for particular purposes or to show that it is meeting legal responsibilities. The City maintains three kinds of funds:

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City - these services are generally reported in proprietary funds.

Enterprise funds (a component of proprietary funds) are funds where the City charges customers for the services it provides. The enterprise funds are the same (with adjustment for internal service fund transactions) as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Internal Service funds (another component of proprietary funds) are funds where the City charges other departments for services on a cost reimbursement basis. These funds utilize the accrual basis of accounting. In the government-wide financial statements the assets and liabilities have been included with either the governmental activities or the business activities section with interfund transactions eliminated. In addition, any gain or loss is allocated back to the fund considered the user. The reporting in the government wide financial statements is similar to a consolidation in the private sector. The City's Fleet Services, Self-Insurance, and Technology Funds are consolidated with the governmental activities section.

Fiduciary Funds - The City acts as the trustee, or fiduciary, for certain funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes and cannot use them to finance its operations. These funds are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

The fund financial statements can be found on pages 22-32.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-73.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules. The City of Abilene adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 75-83 of this report.

Combining and individual statements are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 85-130 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For 2022, the total primary government's net position was \$514 million, an increase of \$44 million over 2021. However, the largest portion of the City's net position is the net investment in capital assets (land, building, equipment and infrastructure), which is \$431 million. The net capital assets are not highly liquid; therefore they are not considered future available resources. An additional \$23 million of net position is subject to external restrictions on how the money is to be used. The remaining portion of net position of \$61 million may be used to meet the government's future obligations.

The analysis below focuses on the net position and changes in net position of the City's governmental and business-type activities.

CITY OF ABILENE'S NET POSITION (in thousands)

	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total Primary Government 2022	Total Primary Government 2021
Current and other assets	\$167,820	\$143,340	\$109,514	\$81,267	\$277,334	\$224,607
Capital assets & RTU assets	271,965	322,800	474,621	389,361	746,586	712,161
Total Assets	<u>439,785</u>	<u>466,140</u>	<u>584,135</u>	<u>470,628</u>	<u>1,023,920</u>	<u>936,768</u>
Deferred outflow s of resource	18,681	10,805	6,850	7,086	25,531	17,891
Other liabilities	19,060	13,266	7,779	6,164	26,839	19,430
Noncurrent liabilities	238,594	216,712	244,913	232,878	483,507	449,590
Total Liabilities	<u>257,654</u>	<u>229,978</u>	<u>252,692</u>	<u>239,042</u>	<u>510,346</u>	<u>469,020</u>
Deferred inflow s of resources	20,036	13,326	4,602	1,753	24,638	15,079
Net Position:						
Net investment in						
capital assets	161,967	217,431	268,634	185,340	430,601	402,771
Restricted	15,802	9,687	6,792	1,734	22,594	11,421
Unrestricted	3,007	6,523	58,265	49,845	61,272	56,368
Total Net Position	<u>\$180,776</u>	<u>\$233,641</u>	<u>\$333,691</u>	<u>\$236,919</u>	<u>\$514,467</u>	<u>\$470,560</u>

Governmental activities total assets decreased by \$26 million. The decrease in total assets is primarily attributable to the movement of the Airport fund from a governmental activity to a business-type activity in fiscal year 2022. The movement resulted in \$79 million of net capital assets being removed from governmental activities. After considering the impact of the Airport, capital assets increased by a net \$28 million which is discussed later in the MD&A. Cash, cash equivalents, and investments increased by \$17 million primarily from the issuance of \$20 million of additional certificates of obligation. Finally, the TMRS pension fund reflected a \$7 million net pension asset at the end of fiscal year 2022. In previous years, the pension fund had a net pension liability.

Governmental activities total liabilities increased by \$28 million. The increase in total liabilities is primarily the result of the issuance of \$20 million of certificates of obligation to finance street improvements as well as the advance of \$6 million from the American Rescue Plan Act grant.

Deferred outflows of resources increased by \$8 million while deferred inflows of resources increased by \$7 million due to changes in the net pension liability resulting from differences in projected and actual investment earnings. See pages 56-61 for information on the City's pension plans.

Governmental activities net position decreased by \$53 million. Net investment in capital assets decreased by \$55 million primarily due to the movement of the Airport from governmental activities to business-type activities, the increase in net capital assets offset by the new certificates of obligation.

Business-type activities total assets increased by \$114 million. This increase is attributable to the movement of the Airport from governmental activities to business-type activities as previously noted, and the increase of cash, cash equivalents, and investments from the issuance of \$23 million of certificates of obligation for water utility projects.

Business-type activities total liabilities increased by \$14 million. This increase is primarily the result of the \$23 million of additional certificates of obligation offset by current year debt retirements. Deferred outflow of resources decreased \$.2 million and deferred inflow of resources increased \$3 million due to changes in the net pension liability resulting from plan contributions made after the actuarial measurement date and differences in projected and actual investment earnings. Business-type activities net position increased by \$97 million. Net investment in capital assets increased by \$83 million, restricted net position increased by \$5 million, and unrestricted net position increased by \$8 million. The net increase in total net position can be attributed to the transfer of the Airport from governmental activities to business-type activities and surplus revenues from operations in the Water and Sewer Fund and Airport Fund.

Changes in Net Position

During fiscal year 2022, the total restated net position of the City increased by \$44 million, Governmental activities restated net position increased by \$26 million while Business-type activities restated net position increased by \$18 million. The following table summarizes the changes in net position:

CITY OF ABILENE'S CHANGES IN NET POSITION (in thousands)

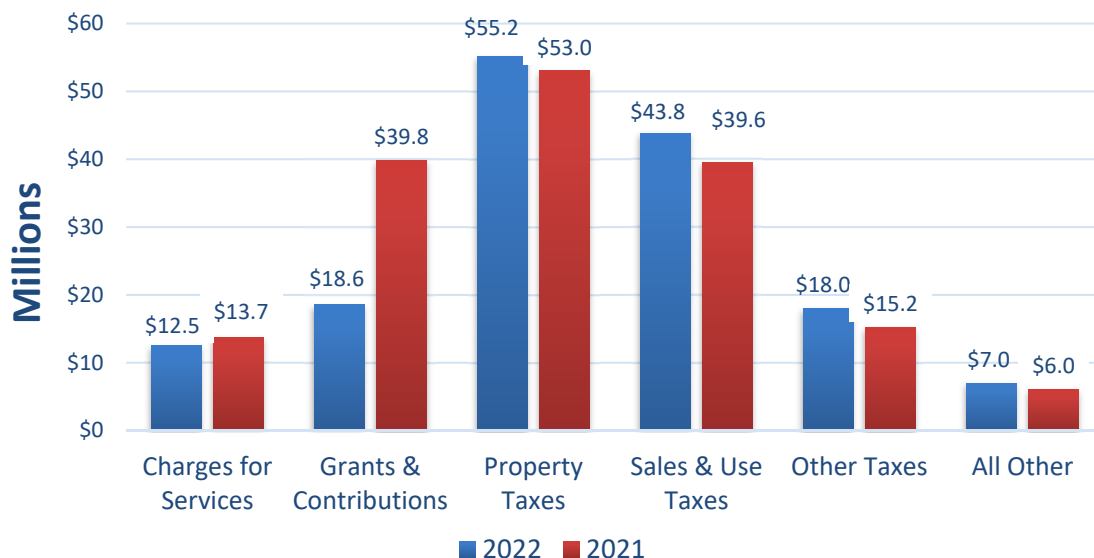
	Governmental Activities 2022	Governmental Activities 2021	Business- Type Activities 2022	Business- Type Activities 2021	Total Primary Government 2022	Total Primary Government 2021
Revenues:						
Program Revenues -						
Charges for services	\$12,486	\$13,654	\$90,745	\$79,046	\$103,231	\$92,700
Operating grants and contributions	10,191	25,591	4,512	3,476	14,703	29,067
Capital grants and contributions	8,372	14,227	6,539	9,929	14,911	24,156
General Revenues -						
Property taxes	55,201	53,046	-	-	55,201	53,046
Sales and use taxes	43,832	39,550	-	-	43,832	39,550
Franchise fees	9,651	7,784	-	-	9,651	7,784
Miscellaneous taxes	8,372	7,407	-	-	8,372	7,407
Investment earnings	763	63	408	37	1,171	100
Miscellaneous	6,253	5,957	1,259	442	7,512	6,399
Gain on sale / retirement of capital assets	1	10	337	387	338	397
Total Revenues	155,122	167,289	103,800	93,317	258,922	260,606
Expenses:						
General Services and administration	\$19,662	\$20,774	-	-	\$19,662	\$20,774
Infrastructure & development	18,752	19,263	-	-	18,752	19,263
Public Safety	67,969	63,221	-	-	67,969	63,221
Community Services	17,738	23,621	-	-	17,738	23,621
Interest on long term debt	4,658	4,647	-	-	4,658	4,647
Water and Sewer	-	-	57,538	53,455	57,538	53,455
Airport	-	-	6,560	-	6,560	-
Solid Waste Services	-	-	13,999	12,905	13,999	12,905
Transit Services	-	-	5,612	4,950	5,612	4,950
Stormwater Services	-	-	2,526	2,392	2,526	2,392
Total Expenses	128,779	131,526	86,235	73,702	215,014	205,228
Increases in net position before transfers	26,343	35,763	17,565	19,615	43,908	55,378
Transfers	(391)	1,890	391	(1,890)	-	-
Increase in net position	25,952	37,653	17,956	17,725	43,908	55,378
Net position - October 1	233,640	195,987	236,919	219,194	470,559	415,181
Transfer governmental activities into business activities	(78,816)	-	78,816	-	-	-
Net position - October 1, as restated	154,824	195,987	315,735	219,194	470,559	415,181
Net position - September 30	\$180,776	\$233,640	\$333,691	\$236,919	\$514,467	\$470,559

Governmental Activities – Program Revenues and Expenses:

Governmental activities total revenues, both program and general, decreased by \$12 million, or 7%. The key factors for this change from fiscal year 2021 to 2022 are as follows:

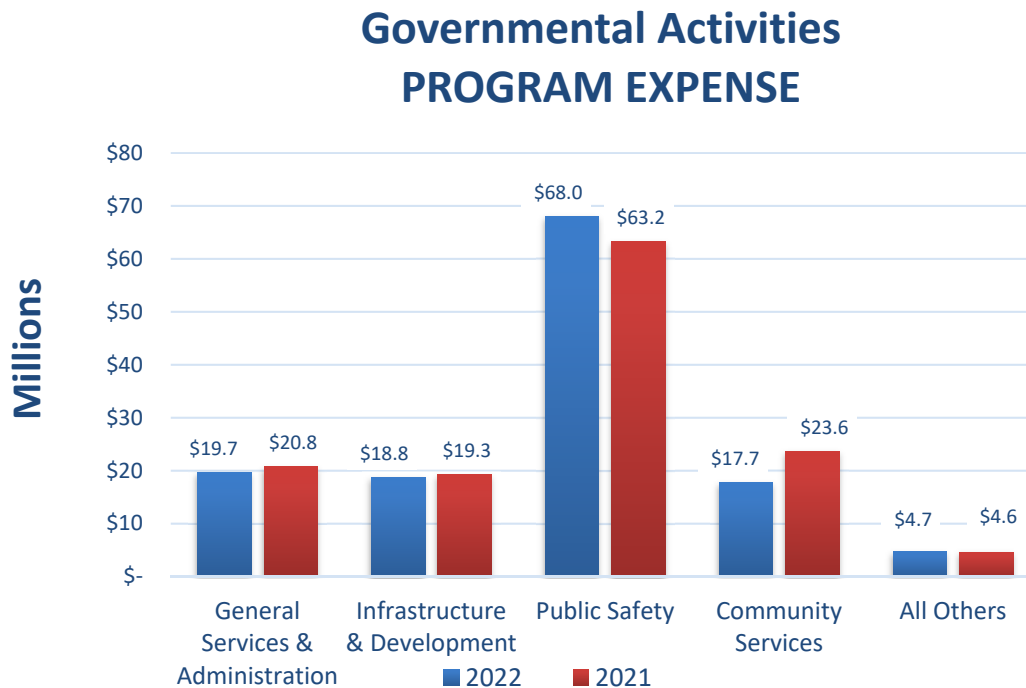
- The City's property net taxable values increased for 2022 by \$364 million or 5%. The tax rate to finance general governmental services from 2021 remained at .6069 per \$100 of assessed value for 2022. The tax rate to finance the payment of long-term debt decreased from \$.1858 per \$100 of assessed value to \$.1832 in 2022. The combined tax rate decreased from \$.7877 per \$100 of assessed value in 2021 to \$.7851 per \$100 in 2022. The total effect of the increase in taxable value was an overall increase of \$2 million in property taxes collected.
- The City's sales and use taxes increased by \$4 million or 11% due to higher inflation and an improving economy.
- Miscellaneous taxes increased by \$3 million or 19% due to an increase in franchise and hotel occupancy taxes due to improving economic conditions.
- Charges for service decreased \$1 million or 9% due to the movement of the Airport from governmental activities to business-type activities.
- Operating grants decreased by \$15 million or 60% primarily due to funding in fiscal year 2021 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA).
- Capital grants decreased by \$6 million primarily due to private donations received in fiscal year 2021 of \$7 million for the downtown hotel convention center project.
- Investment earnings increased by \$.7 million due to a higher interest rate environment.

Governmental Activities REVENUES BY SOURCE



Governmental activities total expenses decreased by \$3 million or 2%. The key factors for this decrease are explained below:

- Increases in Police & Fire salary structure increased Public Safety by \$4 million.
- The movement of the Airport from governmental activities to business-type activities reduced Community Services by \$6 million.

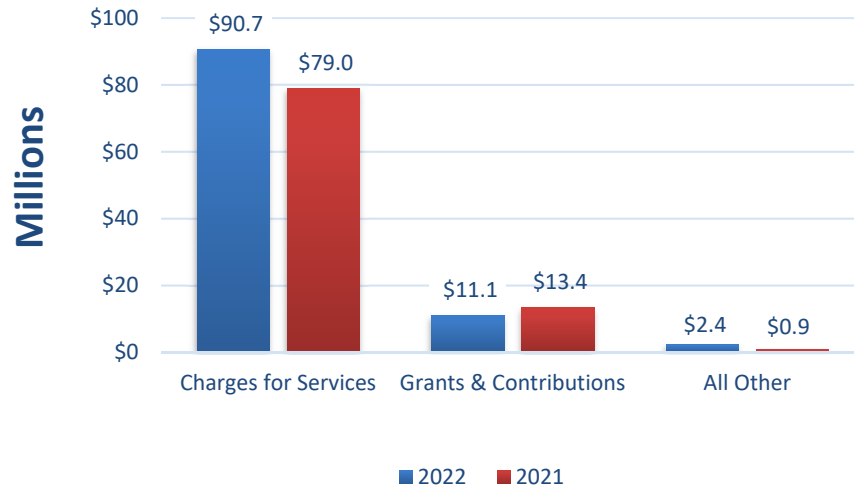


Business-type Activities - Program Revenues and Expenses:

Business-type activities revenues, both program and general, increased by \$10 million or 11%. The key factors for this are explained as follows:

- Water and Sewer charges for service increased by almost \$8 million due to a rate increase
- Movement of the Airport to business-type activities increased charges for services by \$2 million.
- Solid Waste charges for service increased by almost \$2 million due to both rate and service area increases.
- Capital grants and contributions decreased by \$3 million due to an \$8 million decrease in Water & Sewer capital contributions offset by a \$4 million increase in Airport capital grants due to the transfer from governmental activities to business-type activities.

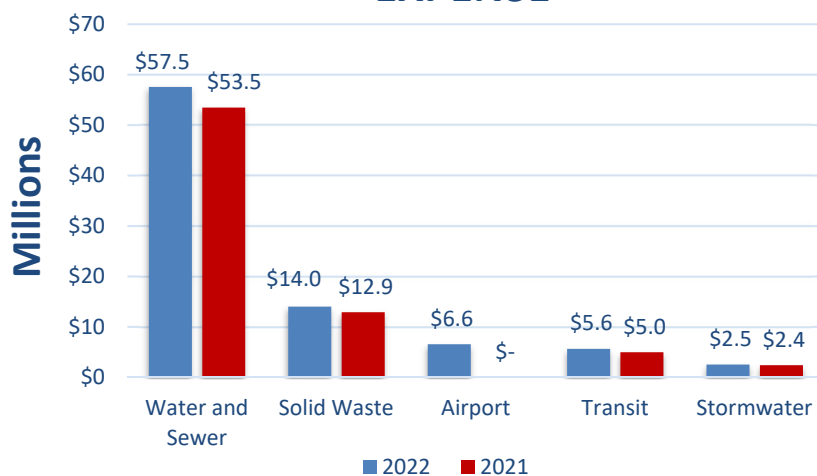
Business-Type Activities REVENUES BY SOURCE



Business-type activities expenses increased by \$13 million or 17%.

- The Water and Sewer System expenses increased by \$4 million due to an increase in chemical supplies, wholesale water costs and franchise taxes.
- Solid Waste Services expenses increased by \$1 million or 8% due to higher fuel and equipment replacement charges.
- The Airport was reflected as a governmental activity in 2021 and was moved to business-type activities in 2022 with expenses totaling \$7 million.

Business-Type Activities EXPENSE



FUND FINANCIAL STATEMENTS

The City's fund financial statements beginning on page 22 show a combined fund balance in governmental funds of \$119 million, which is a \$13 million increase from 2021. Fund balances are considered Nonspendable, Restricted, Committed, Assigned, or Unassigned. Nonspendable fund balances are not in a spendable form such as inventory or prepaid items. Restricted fund balances are required to be spent for specific purposes as set by the providers of the funds, through constitutional provisions, or by enabling legislation. Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. Assigned fund balances represent funds that have been designated internally for specific purposes. Finally, Unassigned fund balances are amounts that are available for any purpose. Of the \$119 million combined fund balance, \$80 thousand is Nonspendable, \$38 million is Restricted, \$4 million is Committed, \$37 million is Assigned and \$40 million is Unassigned.

The increase in total fund balance of \$13 million differs from the \$26 million decrease in governmental activities net position in the government wide financial statements. The differences between these two statements are reflected in the reconciliation presented on page 25. The primary differences are in the manner that capital assets, debt, and certain accruals are recorded between the two statements.

The following table summarizes the changes in fund balance for Governmental Funds:

CITY OF ABILENE'S CHANGES IN FUND BALANCE (in thousands)

	General Fund 2022	General Fund 2021	Capital Project Fund 2022	Capital Project Fund 2021	Nonmajor Governmental 2022	Nonmajor Governmental 2021	Total Governmental 2022	Total Governmental 2021
Revenues:								
Taxes	\$99,053	\$90,942			\$17,950	\$16,836	\$117,003	\$107,778
Intergovernmental	4,604	16,872	\$52	\$1,119	5,246	7,660	\$9,902	\$25,651
All other revenues	15,121	15,498	2,278	7,487	7,664	11,232	\$25,063	\$34,217
Total Revenues	118,778	123,312	2,330	8,606	30,860	35,728	151,968	167,646
Expenditures:								
Current	103,118	96,343	2,682	3,046	11,392	15,391	117,192	114,780
Debt Service	155		353	352	13,195	12,880	13,703	13,232
Capital Projects			34,519	22,297			34,519	22,297
Total Expenditures	103,273	96,343	37,554	25,695	24,587	28,271	165,414	150,309
Excess (Deficit) of Revenues Over Expenditures	15,505	26,969	(35,224)	(17,089)	6,273	7,457	(13,446)	17,337
Other Financing Sources (Uses)								
Issuance of debt / leases (net of refundings)	1,352		24,022	6,777	22		25,396	6,777
Proceeds from sale of capital assets	1	1,380					1	1,380
Transfers in	3,858	3,946	22,368	33,009	3,197	4,732	29,423	41,687
Transfers out	(15,840)	(30,767)	(2,953)	(1,362)	(9,564)	(9,918)	(28,357)	(42,047)
Total Other Financing Sources (Uses)	(10,629)	(25,441)	43,437	38,424	(6,345)	(5,186)	26,463	7,797
Net Change in Fund Balances	4,876	1,528	8,213	21,335	(72)	2,271	13,017	25,134
Fund Balances Beginning of Year	35,984	34,456	61,573	40,238	11,492	9,221	109,049	83,915
Change in reporting entity			(2,924)				(2,924)	
Fund Balances Beginning of Year, restated	35,984	34,456	58,649	40,238	11,492	9,221	106,125	83,915
Fund Balances End of Year	\$40,860	\$35,984	\$66,862	\$61,573	\$11,420	\$11,492	\$119,142	\$109,049

Notable changes in the major and nonmajor governmental funds are as follows:

- General Fund total revenues decreased by \$5 million and expenditures increased by \$7 million.
 - Property tax revenues increased by \$2 million and sales tax increased by \$4 million. See the Government-Wide-Financial-Analysis for an explanation of these increases.
 - Franchise fees increased by \$2 million.
 - Intergovernmental revenue decreased by \$12 million due to funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) in 2021.
 - Charges for service decreased by \$1 million due to the Airport movement as previously noted.
 - Current expenditures increased by \$7 million or 3% primarily due to increases in personnel costs as mentioned earlier in the discussion of changes in net position for governmental activities.
- The Capital Project Fund revenues decreased \$6 million and expenditures increased by \$12 million.
 - The decrease in revenues is primarily due to one-time private donations of \$7 million received in 2021 for the downtown hotel convention center project.
 - Capital outlay increased \$12 million due to construction of the city facilities for the downtown hotel convention center project.
 - Net other financing sources (uses) increased \$5 million primarily due to the issuance of debt for street projects.
 - Due to the movement of the Airport out of the governmental funds and into the enterprise funds, fund balance was reduced by \$3 million to reflect the movement of balances for Airport's Passenger Facility Charges and Customer Facility Charges out of the Capital Project Fund and into the new Airport Fund.
- Nonmajor Governmental Fund revenues decreased by \$5 million and expenditures decreased by \$4 million.
 - Intergovernmental revenues decreased \$2 million. In 2021, funds were received for Covid-19 Community Development Block Grant and Small Community Air Service Development Program which were not received in 2022.
 - Donations & contributions decreased by \$4 million as a result of not receiving funding from the Development Corporation of Abilene for street projects in 2022.
 - Current expenditures decreased by \$4 million due to reduced grant funding.

The proprietary fund financial statements beginning on page 26 are consistent with the government wide financial statements with the exception that Internal Service Funds are included as a proprietary fund. Significant changes in the Internal Service Funds are as follows:

Net position of the Internal Service Funds increased by \$5 million or 19%.

- This increase is the result of positive net position increases in the Fleet Services Fund, Self Insurance Fund and Technology Fund in the amounts of \$2 million, \$2 million, and \$.6 million, respectively. City management has spent considerable efforts to make these funds sustainable over the long-term by adjusting rates and charges to effectively fund current charges and build reserves for fluctuations in future costs.

GENERAL FUND BUDGET HIGHLIGHTS

The City prepares its annual operating budget on a basis which differs from U.S. generally accepted accounting principles (GAAP basis). See Note 2 of the notes to financial statements for an explanation of these differences. The original General Fund budget was amended during the year which had the effect of increasing total revenues by \$5 million primarily to account for improving sales tax revenues and increasing total expenses by \$.7 million. Other financing uses increased by \$8 million to fund capital projects. Actual budget basis revenues, expenditures, and other financing sources (uses) for 2022 resulted in a positive increase in fund balance of \$4 million.

The General Fund's actual budget basis total revenues were \$118 million while budgeted total revenues were \$111 million. The positive variance of \$7 million was due to grant funding (primarily Covid-19 funding) and sales tax and licenses and permit revenues exceeding expectations as the economy continues to recover from the pandemic and to rising inflation.

General Fund's actual budget basis expenditures before other financing sources (uses) were \$102 million while budgeted expenditures were \$104 million. The positive variance of \$2 million was due to savings from personnel vacancies and continued conservative spending.

CAPITAL ASSETS & RIGHT-TO-USE ASSETS

At the end of fiscal year 2022 the City had \$747 million invested in capital assets, net of accumulated depreciation. These capital assets include land, building and improvements, improvements other than buildings, machinery and equipment, construction in progress, vehicles, infrastructure, and intangible assets such as software and water rights. See Note 7 in the notes to financial statements for additional detail of the capital assets. The capital assets are summarized below:

Capital Assets, Net of Accumulated Depreciation/Amortization (in thousands)

	Governmental Activities 2022 *	Governmental Activities 2021	Business-Type Activities 2022	Business- Type Activities 2021	Total Primary Government 2022 *	Total Primary Government 2021
Land	\$14,103	\$12,581	\$1,847	\$1,847	\$15,950	\$14,428
Easements	31				31	
Construction in progress	27,463	14,315	17,107	20,002	44,570	34,317
Buildings and improvements	68,858	74,944	200,104	193,987	268,962	268,931
Improvements other than buildings	19,823	89,975	236,632	154,880	256,455	244,855
Infrastructure	104,871	99,225			104,871	99,225
Machinery and equipment	7,584	8,785	3,751	3,416	11,335	12,201
Vehicles	27,134	22,791	1,231	624	28,365	23,415
Intangible Assets	491	184	13,949	14,605	14,440	14,789
Right-to-use buildings	1,215				1,215	
Right-to-use equipment	392				392	
Total	<u>\$271,965</u>	<u>\$322,800</u>	<u>\$474,621</u>	<u>\$389,361</u>	<u>\$746,586</u>	<u>\$712,161</u>

* Restated

The City's capital asset additions for fiscal year 2022 (net of construction in progress retirements) for its governmental activities and business-type activities were \$70 million.

Governmental activities capital additions (net of construction in progress retirements) were \$46 million. The more significant additions were \$12 million for street and traffic improvements, \$3 million for vehicles, and \$3 million for buildings and improvements. An additional \$25 million in Construction in Progress was incurred in fiscal year 2022. At year end, Construction in Progress consisted primarily of \$16 million for the city facilities related to the downtown hotel project and \$5 million of street and traffic improvements.

In fiscal year 2022, the City implemented GASB Statement No. 87 for Leases. This statement provides updated accounting treatment for leases and results in additional disclosures for leases capitalized as well as future liabilities. See Note 7, pages 51-52 and Note 8, pages 52-56, of the notes to financial statements for additional information on leases and long-term obligations. The result of the implementation increased fiscal year 2021's governmental activities capital assets by almost \$2 million for right-to-use buildings and equipment. The numbers for fiscal year 2021 have been restated in the above table.

Business-type activities capital additions (net of construction in progress retirements) were \$23 million. The most significant additions were \$33 million in water & sewer system improvements, with \$20 million placed in service and another \$14 million added to Construction in Progress. At year end, Construction in Progress consisted of water and sewer system improvement projects totaling \$17 million.

LONG-TERM OBLIGATIONS

At year end the City had \$484 million of long-term obligations, an increase of \$32 million or 7%. The table below reflects the long term obligations at year end:

Long-Term Obligations (in thousands)

	Governmental Activities 2022*	Governmental Activities 2021	Business- Type Activities 2022	Business-Type Activities 2021	Total Primary Government 2022*	Total Primary Government 2021
General obligation bonds	\$70,110	\$76,155	\$168,085	\$170,260	\$238,195	\$246,415
Certificates of obligation	55,535	37,545	67,865	51,740	123,400	89,285
Bond premiums	14,644	11,868	7,127	7,017	21,771	18,885
Compensated absences	11,088	11,061	774	689	11,862	11,750
Liability for health claims	858	1,008			858	1,008
Workers compensation claims	3,867	4,265			3,867	4,265
Lease liability	1,611				1,611	
Other post employment benefits	4,842	4,646	1,062	1,012	5,904	5,658
Net pension liability	76,039	70,164		2,159	76,039	72,323
Total	<u>\$238,594</u>	<u>\$216,712</u>	<u>\$244,913</u>	<u>\$232,877</u>	<u>\$483,507</u>	<u>\$449,589</u>

* Restated

During 2022, the City issued \$20 million of certificates of obligation for street projects and \$23 million for water utility projects. This increase was offset with \$17 million of principal payments for general obligation bonds and certificate of obligation bonds.

The net pension liability of the City was \$76 million as of the end of the fiscal year, made up entirely of the Abilene Firemen's Relief and Retirement Fund. The Texas Municipal Retirement System had a net pension asset as of the end of 2022 in the amount of \$9 million. These amounts are determined based on actuarial valuations of the City's retirement plans. See Note 10, pages 56-61 for information on the City's pension plans.

As a result of implementing GASB Statement No. 87, governmental activities lease liability for fiscal year 2021 was increased by almost \$2 million and is restated in the above table.

The City's bond rating as evidenced by its most recent bond issuances continue to be AA+ by Fitch and AA2 by Moody's.

ECONOMIC FACTORS AND FISCAL YEAR 2023

The City considered many factors in setting the fiscal year 2023 budget. The most significant of these factors was the shifting economic changes caused by inflation and the COVID-19 pandemic. The General Fund operating tax rate for 2023 decreased from \$.6019 per \$100 of assessed value in 2021 to \$.5988 per \$100 of assessed value in 2022. Other factors considered were a 14% increase in the City's assessed property tax values and a 4% increase in sales tax revenues. The City has continued to see consistently strong increases in sales tax revenue over the past year as our community continues to recover. The General Fund budgeted revenues and expenditures were both set at \$121 million, a \$2 million increase from 2022.

The Debt Service Fund tax rate for 2023 was decreased from \$.1832 per \$100 of assessed value to \$.1633 due to the increased property tax values with debt service requirements remaining flat into 2023.

The Water and Sewer Fund's 2022 budgeted expenses are \$73 million, a \$5 million increase from 2022. This increase is mostly attributable to the planned financing of capital projects through operating reserves. In an effort to ensure adequate funding is available for current operations and to meet the ongoing debt service requirements of the fund, the City has adopted a five-year plan to adjust and increase water and sewer rates. Fiscal Year 2023 budgeted revenues are \$68 million, a \$6 million increase over 2022.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attention: Finance Director, P.O. Box 60, Abilene, Texas 79604, call (325) 676-6324, or e-mail at Mike.Rains@Abilenetx.gov.

BASIC FINANCIAL STATEMENTS





CITY OF ABILENE, TEXAS
Statement of Net Position
September 30, 2022

Exhibit A-1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Corporation of Abilene	Convention Center Hotel Development Corporation
ASSETS					
Cash and cash equivalents	\$ 68,770,079	\$ 41,280,414	\$ 110,050,493	\$ 17,908,806	\$ 40,925
Investments	17,557,406	11,891,179	29,448,585	13,624,524	-
Receivables:					
Accounts receivable, net	15,491,636	12,646,164	28,137,800	2,872,562	59,636
Delinquent taxes receivable, net	1,121,551	-	1,121,551	-	-
Internal balances	3,172,136	(3,172,136)	-	-	-
Due from other governments	1,464,276	4,187,837	5,652,113	-	-
Inventories - materials and supplies	596,498	1,515,328	2,111,826	-	-
Prepaid items	317,455	40,463	357,918	464,974	512,262
Restricted Assets:					
Cash and cash equivalents	48,448,737	37,610,794	86,059,531	-	31,240,031
Investments	654,226	1,024,454	1,678,680	-	-
Lease receivable	853,779	185,356	1,039,135	26,120,456	-
Notes receivable	2,564,022	-	2,564,022	18,217,654	-
Net pension asset	6,807,629	2,303,849	9,111,478	-	-
Capital and RTU assets not being depreciated	41,597,235	18,953,623	60,550,858	2,756,585	23,515,002
Capital and RTU assets net of accumulated depreciation	230,368,116	455,667,388	686,035,504	31,704,592	-
TOTAL ASSETS	439,784,781	584,134,713	1,023,919,494	113,670,153	55,367,856
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources	18,681,040	6,850,073	25,531,113	-	-
LIABILITIES					
Accounts payable	7,152,916	4,950,414	12,103,330	793,233	2,376,689
Retainage payable	776,171	805,523	1,581,694	-	721,310
Accrued expenses	1,718,077	519,342	2,237,419	88,126	-
Accrued interest	628,600	951,342	1,579,942	-	936,388
Other deposits and liabilities	409,993	166,399	576,392	-	-
Due to primary government	-	-	-	607	-
Unearned revenues	8,374,091	385,961	8,760,052	-	-
Noncurrent liabilities:					
Due within one year	11,325,640	10,445,679	21,771,319	7,735	-
Due in more than one year	227,268,438	234,467,840	461,736,278	69,616	48,332,448
TOTAL LIABILITIES	257,653,926	252,692,500	510,346,426	959,317	52,366,835
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources	20,035,549	4,601,587	24,637,136	26,023,174	-
NET POSITION					
Net Investment in capital assets	161,966,603	268,634,356	430,600,959	34,461,177	3,324,586
Restricted for:					
Debt service	3,150,358	1,744,735	4,895,093	-	-
Capital projects	656,642	2,743,219	3,399,861	-	-
Public safety	1,227,121	-	1,227,121	-	-
Economic development	2,380,557	-	2,380,557	52,226,485	-
Community services	1,056,686	-	1,056,686	-	-
General government	273,600	-	273,600	-	-
Other purposes	250,285	-	250,285	-	40,925
Pensions	6,807,629	2,303,849	9,111,478	-	-
Unrestricted (deficit)	3,006,865	58,264,540	61,271,405	-	(364,490)
TOTAL NET POSITION	\$ 180,776,346	\$ 333,690,699	\$ 514,467,045	\$ 86,687,662	\$ 3,001,021

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

CITY OF ABILENE, TEXAS
Statement of Activities
For the Year Ended September 30, 2022

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
PRIMARY GOVERNMENT:				
Governmental activities:				
General Services and Administration	\$ 19,661,804	\$ 2,207,421	\$ 323,889	\$ 1,800,000
Infrastructure and Development	18,751,594	7,556,867	1,558,221	4,614,788
Public Safety	67,969,394	1,704,329	8,130,842	530,000
Community Services	17,738,429	1,016,917	177,995	1,427,583
Interest and fees on long-term debt	4,658,315	-	-	-
Total governmental activities	<u>128,779,536</u>	<u>12,485,534</u>	<u>10,190,947</u>	<u>8,372,371</u>
Business-type activities				
Water and Sewer Services	57,537,756	67,108,468	-	1,563,610
Airport	6,559,830	1,821,956	1,394,438	4,132,504
Solid Waste Services	13,999,448	18,355,596	-	-
Transit Services	5,612,008	381,508	3,117,341	842,357
Stormwater Services	2,526,153	3,077,879	-	-
Total business-type activities	<u>86,235,195</u>	<u>90,745,407</u>	<u>4,511,779</u>	<u>6,538,471</u>
Total primary government	<u>\$ 215,014,731</u>	<u>\$ 103,230,941</u>	<u>\$ 14,702,726</u>	<u>\$ 14,910,842</u>
COMPONENT UNITS:				
Governmental Activities				
Development Corporation of Abilene	\$ 19,461,859	\$ 2,584,211	\$ -	\$ -
Business-type Activities				
Abilene Convention Center Hotel Development Corporation	<u>3,894,656</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 23,356,515</u>	<u>\$ 2,584,211</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Sales and use taxes				
Franchise taxes				
Occupancy tax				
Other taxes				
Investment earnings net of change in fair value of investments				
Gain on sale of capital assets				
Miscellaneous income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Change in reporting entity (Note 20)				
Prior Period Adjustment (Note 17)				
Net position, beginning of year as restated				
Net position, end of year				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Development Corporation of Abilene	Convention Center Hotel Development Corporation
\$ (15,330,494)	\$ -	\$ (15,330,494)	\$ -	\$ -
(5,021,718)	-	(5,021,718)	-	-
(57,604,223)	-	(57,604,223)	-	-
(15,115,934)	-	(15,115,934)	-	-
(4,658,315)	-	(4,658,315)	-	-
(97,730,684)	-	(97,730,684)	-	-
-	11,134,322	11,134,322	-	-
-	789,068	789,068	-	-
-	4,356,148	4,356,148	-	-
-	(1,270,802)	(1,270,802)	-	-
-	551,726	551,726	-	-
-	15,560,462	15,560,462	-	-
\$ (97,730,684)	\$ 15,560,462	\$ (82,170,222)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (16,877,648)	-
-	-	-	-	(3,894,656)
\$ -	\$ -	\$ -	\$ (16,877,648)	\$ (3,894,656)
\$ 42,531,508	\$ -	\$ 42,531,508	\$ -	\$ -
12,668,791	-	12,668,791	-	-
43,831,533	-	43,831,533	14,611,734	-
9,651,220	-	9,651,220	-	-
4,480,435	-	4,480,435	-	-
3,892,109	-	3,892,109	-	-
763,172	408,225	1,171,397	(74,186)	230,842
1,470	337,124	338,594	-	-
6,253,284	1,258,795	7,512,079	5,000	-
(391,142)	391,142	-	-	-
123,682,380	2,395,286	126,077,666	14,542,548	230,842
25,951,696	17,955,748	43,907,444	(2,335,100)	(3,663,814)
233,640,724	236,918,877	470,559,601	89,022,762	9,184,835
(78,816,074)	78,816,074	-	-	-
-	-	-	-	(2,520,000)
154,824,650	315,734,951	470,559,601	89,022,762	6,664,835
\$ 180,776,346	\$ 333,690,699	\$ 514,467,045	\$ 86,687,662	\$ 3,001,021

	2022			
	General Fund	Capital Project Fund	Nonmajor Governmental	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 29,043,002	\$ 19,524,781	\$ 5,967,784	\$ 54,535,567
Investments	6,733,136	5,629,894	1,089,886	13,452,916
Receivables (net):				
Accounts receivable	12,060,522	63,168	3,367,946	15,491,636
Property taxes receivable	1,121,551	-	-	1,121,551
Lease accounts receivable	131,677	-	722,102	853,779
Due from other funds	5,504,818	-	-	5,504,818
Due from other governments	323,127	64,043	1,077,106	1,464,276
Inventories - materials and supplies	4,293	-	-	4,293
Prepaid items	36,780	-	38,624	75,404
Notes receivable, net	-	704,744	1,859,278	2,564,022
Restricted assets:				
Cash and cash equivalents	-	46,005,043	2,443,694	48,448,737
Investments	-	-	654,226	654,226
TOTAL ASSETS	\$ 54,958,906	\$ 71,991,673	\$ 17,220,646	\$ 144,171,225
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 1,739,465	\$ 4,266,320	\$ 548,022	\$ 6,553,807
Retainage payable	-	765,666	10,505	776,171
Accrued expenditures	1,644,497	-	36,046	1,680,543
Due to other funds	-	25,400	2,508,655	2,534,055
Other deposits and liabilities	270,594	72,360	67,039	409,993
Unearned revenues	6,461,003	-	1,913,088	8,374,091
Total Liabilities	<u>10,115,559</u>	<u>5,129,746</u>	<u>5,083,355</u>	<u>20,328,660</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	3,852,134	-	-	3,852,134
Leases	130,938	-	717,823	848,761
Total Liabilities and deferred inflows of resources	<u>14,098,631</u>	<u>5,129,746</u>	<u>5,801,178</u>	<u>25,029,555</u>
FUND BALANCES:				
Non-spendable:				
Inventory	4,293	-	-	4,293
Prepaid items	36,780	-	38,624	75,404
Restricted for:				
Debt service	-	-	3,150,358	3,150,358
Capital projects	-	30,899,544	-	30,899,544
Other purposes	-	-	4,227,789	4,227,789
Committed to:				
Other purposes	-	-	4,005,885	4,005,885
Assigned to:				
Capital projects	-	35,962,383	-	35,962,383
Other purposes	684,169	-	-	684,169
Unassigned (deficit)	40,135,033	-	(3,188)	40,131,845
Total Fund Balances	<u>40,860,275</u>	<u>66,861,927</u>	<u>11,419,468</u>	<u>119,141,670</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 54,958,906	\$ 71,991,673	\$ 17,220,646	\$ 144,171,225

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

**Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
As of September 30, 2022**

Total Fund Balances - Governmental Funds		\$ 119,141,670
Amounts reported for governmental activities in the statement of net position (A-1) are different because:		
Capital and RTU assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
Governmental capital and RTU assets	\$ 442,109,826	
Accumulated depreciation and amortization	(189,855,228)	
		252,254,598
Deferred outflows from refunding of debt represent a consumption of net position that applies to future periods and therefore will not be recognized as an outflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.		1,662,660
Deferred inflows from refunding of debt represent the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.		(3,451)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Franchise taxes	958,739	
Property taxes	973,326	
Fines and forfeits	1,920,069	
		3,852,134
Internal service funds are used by management to charge the costs of certain activities, such as equipment services, information services and self-insurance to individual funds. The assets and liabilities of most of the internal service funds are included in governmental activities in the statement of net position.		33,026,419
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest payable	(628,423)	
Compensated absences	(10,988,044)	
Lease liability	(1,392,235)	
General obligation bonds	(70,110,000)	
Certificates of obligation	(55,535,000)	
Unamortized premiums on bonds and certificate of obligations	(14,644,429)	
		(153,298,131)
Net pension asset, net pension liability, Other Post Employment Benefit (OPEB) liability, pension and OPEB related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:		
Other post employment benefits liability	(4,710,297)	
Net pension asset	6,673,641	
Net pension liability	(76,038,915)	
Deferred outflows of resources	16,886,898	
Deferred inflows of resources	(18,670,880)	
		(75,859,553)
Net Position of Governmental Activities		\$ 180,776,346

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

CITY OF ABILENE, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
Year ended September 30, 2022

Exhibit B-2

	2022			
	General Fund	Capital Project Fund	Nonmajor Governmental	Total Governmental Funds
REVENUES:				
Taxes	\$ 99,053,218	\$ -	\$ 17,949,673	\$ 117,002,891
Licenses and permits	2,063,257	-	159,310	2,222,567
Fines and forfeitures	1,044,143	-	164,302	1,208,445
Charges for services	3,137,217	-	5,941,742	9,078,959
Intergovernmental revenues	4,604,442	51,953	5,245,930	9,902,325
Investment earnings	241,511	391,309	61,301	694,121
Interest income leases	1,944	-	11,161	13,105
Donations and contributions	19,182	1,831,774	589,971	2,440,927
Miscellaneous	8,613,509	54,629	736,683	9,404,821
Total Revenues	<u>118,778,423</u>	<u>2,329,665</u>	<u>30,860,073</u>	<u>151,968,161</u>
EXPENDITURES:				
Current:				
General Services and Administration	15,688,660	820,005	3,088,191	19,596,856
Infrastructure and Development	9,593,282	1,343,815	2,221,339	13,158,436
Public Safety	60,080,122	432,860	5,848,102	66,361,084
Community Services	17,756,179	84,857	234,436	18,075,472
Debt Service:				
Principal	137,573	84,238	7,967,018	8,188,829
Interest	17,427	363	5,013,158	5,030,948
Fees and other charges	-	268,232	215,339	483,571
Capital outlay	-	34,518,770	-	34,518,770
Total expenditures	<u>103,273,243</u>	<u>37,553,140</u>	<u>24,587,583</u>	<u>165,413,966</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>15,505,180</u>	<u>(35,223,475)</u>	<u>6,272,490</u>	<u>(13,445,805)</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	19,900,000	-	19,900,000
Bond premium	-	3,870,370	-	3,870,370
Issuance of debt for lease financing	1,352,417	251,573	22,074	1,626,064
Proceeds from sale of capital assets	1,470	-	-	1,470
Transfers in	3,857,823	22,367,722	3,197,328	29,422,873
Transfers out	(15,840,195)	(2,952,830)	(9,564,694)	(28,357,719)
Total Other Financing Sources (Uses)	<u>(10,628,485)</u>	<u>43,436,835</u>	<u>(6,345,292)</u>	<u>26,463,058</u>
NET CHANGE IN FUND BALANCES	<u>4,876,695</u>	<u>8,213,360</u>	<u>(72,802)</u>	<u>13,017,253</u>
FUND BALANCES BEGINNING OF YEAR	<u>35,983,580</u>	<u>61,572,631</u>	<u>11,492,270</u>	<u>109,048,481</u>
Change in reporting entity	-	(2,924,064)	-	(2,924,064)
FUND BALANCES BEGINNING OF YEAR, RESTATED	<u>35,983,580</u>	<u>58,648,567</u>	<u>11,492,270</u>	<u>106,124,417</u>
FUND BALANCES END OF YEAR	<u>\$ 40,860,275</u>	<u>\$ 66,861,927</u>	<u>\$ 11,419,468</u>	<u>\$ 119,141,670</u>

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

**Reconciliation of Statement of Revenues, Expenditures and Change
In Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2022**

Net Change in Fund Balances - Governmental Funds \$ 13,017,253

Amounts reported for governmental activities in the statement of activities (A-2)
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and capital disposals in the current period.

Capital acquisition	\$ 39,161,951	
Residual value of assets disposed of	(737,220)	
Depreciation	<u>(15,836,402)</u>	22,588,329

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This adjustment is to recognize the net change in "unavailable" revenue.

Franchise Taxes	31,430	
Property Taxes	(24,437)	
Fines and forfeits	<u>21,275</u>	28,268

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of bonds	(19,900,000)	
Lease financing	(1,626,064)	
Bond premiums	(3,870,370)	
Principal repayments	8,188,829	
Amortization of bond premiums and deferred loss on bond refunding	<u>931,872</u>	(16,275,733)

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.

Change in compensated absences	(11,725)	
Change in accrued interest payable	<u>(73,350)</u>	(85,075)

Changes to Other Post Employment Benefit (OPEB) liability, net pension asset, net pension liability, OPEB and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

2,710,664

Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance, equipment replacement, information service and self-insurance to individual funds. The change in net position of most of the internal service funds are reported by function within governmental activities.

3,967,990

Change in Net Position of Governmental Activities \$ 25,951,696

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

	Business- type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	
CURRENT ASSETS:						
Cash and cash equivalents	\$ 35,542,861	\$ 925,022	\$ 3,245,408	\$ 1,567,123	\$ 41,280,414	\$ 14,234,512
Investments	10,244,560	259,127	935,828	451,664	11,891,179	4,104,490
Accounts and lease receivable	15,838,252	-	4,985,952	647,158	21,471,362	-
Less allowance for uncollectibles	(5,859,822)	-	(2,690,032)	(247,497)	(8,797,351)	-
Due from other governments	-	719,683	-	3,468,154	4,187,837	-
Prepaid items	34,920	4,338	-	1,205	40,463	242,051
Inventories - materials and supplies	1,101,077	-	-	414,251	1,515,328	592,205
Restricted assets:						
Cash and cash equivalents	35,490,235	2,120,559	-	-	37,610,794	-
Investments	405,796	618,658	-	-	1,024,454	-
Total Current Assets	<u>92,797,879</u>	<u>4,647,387</u>	<u>6,477,156</u>	<u>6,302,058</u>	<u>110,224,480</u>	<u>19,173,258</u>
NONCURRENT ASSETS:						
Lease receivable	157,509	-	-	-	157,509	-
Net pension asset	1,201,195	437,557	515,659	149,438	2,303,849	133,988
Capital and right-to-use assets:						
Construction in progress	15,339,163	1,745,012	-	22,500	17,106,675	-
Land	1,260,204	-	202,506	384,238	1,846,948	-
Building and improvements	515,101,011	121,216,676	291,872	1,788,231	638,397,790	-
Machinery and equipment	11,186,930	1,668,157	4,305,467	7,927,726	25,088,280	49,215,614
Right-to-use equipment	-	-	-	-	-	276,564
Intangible assets	31,629,056	13,160	-	442,316	32,084,532	-
Accumulated depreciation and amortization	(182,262,415)	(45,578,369)	(3,202,843)	(8,859,587)	(239,903,214)	(29,781,425)
Net Capital Assets	<u>392,253,949</u>	<u>79,064,636</u>	<u>1,597,002</u>	<u>1,705,424</u>	<u>474,621,011</u>	<u>19,710,753</u>
Total Noncurrent Assets	<u>393,612,653</u>	<u>79,502,193</u>	<u>2,112,661</u>	<u>1,854,862</u>	<u>477,082,369</u>	<u>19,844,741</u>
TOTAL ASSETS	<u>486,410,532</u>	<u>84,149,580</u>	<u>8,589,817</u>	<u>8,156,920</u>	<u>587,306,849</u>	<u>39,017,999</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred outflows of resources	6,325,620	111,117	321,572	91,764	6,850,073	131,482
CURRENT LIABILITIES:						
Accounts payable	3,683,122	784,328	373,928	109,036	4,950,414	599,109
Retainage payable	805,523	-	-	-	805,523	-
Accrued expenses	191,689	27,883	277,864	21,906	519,342	37,711
Compensated absences	139,165	17,395	81,870	12,249	250,679	24,191
Accrued interest	951,342	-	-	-	951,342	-
Due to other funds	-	5,475	-	2,965,288	2,970,763	-
Other deposits and liabilities	166,399	-	-	-	166,399	-
Bonds payable	10,195,000	-	-	-	10,195,000	-
Lease liability	-	-	-	-	-	64,734
Estimated liability claims	-	-	-	-	-	962,662
Estimated health claims	-	-	-	-	-	857,921
Total Current Liabilities Payable						
from Current Assets	<u>16,132,240</u>	<u>835,081</u>	<u>733,662</u>	<u>3,108,479</u>	<u>20,809,462</u>	<u>2,546,328</u>

	Business- type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	
NON-CURRENT LIABILITIES:						
Compensated absences	\$ 277,298	\$ 68,042	\$ 144,951	\$ 33,184	\$ 523,475	\$ 75,900
Unearned revenue	385,961	-	-	-	385,961	-
Estimated liability claims	-	-	-	-	-	2,903,873
Bonds payable	232,881,969	-	-	-	232,881,969	-
Lease liability					-	154,463
Other post employment benefits liability	710,547	4,909	264,037	82,903	1,062,396	131,414
Total Non-Current Liabilities	<u>234,255,775</u>	<u>72,951</u>	<u>408,988</u>	<u>116,087</u>	<u>234,853,801</u>	<u>3,265,650</u>
Total Liabilities	<u>250,388,015</u>	<u>908,032</u>	<u>1,142,650</u>	<u>3,224,566</u>	<u>255,663,263</u>	<u>5,811,978</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows of resources	<u>2,898,661</u>	<u>330,285</u>	<u>1,044,090</u>	<u>328,551</u>	<u>4,601,587</u>	<u>512,457</u>
NET POSITION:						
Net investment in capital assets	186,267,294	79,064,636	1,597,002	1,705,424	268,634,356	19,491,556
Restricted for debt service	1,744,735	-	-	-	1,744,735	-
Restricted for capital projects	-	2,743,219	-	-	2,743,219	-
Restricted for pensions	1,201,195	437,557	515,659	149,438	2,303,849	133,988
Unrestricted	<u>50,236,252</u>	<u>776,968</u>	<u>4,611,988</u>	<u>2,840,705</u>	<u>58,465,913</u>	<u>13,199,502</u>
TOTAL NET POSITION	<u>\$ 239,449,476</u>	<u>\$ 83,022,380</u>	<u>\$ 6,724,649</u>	<u>\$ 4,695,567</u>	<u>\$ 333,892,072</u>	<u>\$ 32,825,046</u>
Allocation of Internal Service funds net position					(201,373)	
Net position of business-type activities					<u>\$ 333,690,699</u>	

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

CITY OF ABILENE, TEXAS
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2022

Exhibit B-4

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES:						
Charges for services	\$ 66,649,801	\$ 1,821,956	\$ 18,355,596	\$ 3,459,387	\$ 90,286,740	\$ 30,488,604
Other	458,667	-	-	-	458,667	-
Total Operating Revenues	67,108,468	1,821,956	18,355,596	3,459,387	90,745,407	30,488,604
OPERATING EXPENSES:						
Personnel services	9,745,925	1,513,833	3,958,551	1,113,770	16,332,079	2,105,500
Supplies	4,336,369	110,499	46,939	610,138	5,103,945	4,737,871
Maintenance	3,747,926	170,146	103,624	181,070	4,202,766	2,251,734
Other services and charges	22,379,597	833,992	10,210,607	5,933,249	39,357,445	15,924,284
Depreciation and amortization	11,520,862	3,971,993	265,457	414,394	16,172,706	2,600,380
Total Operating Expenses	51,730,679	6,600,463	14,585,178	8,252,621	81,168,941	27,619,769
OPERATING INCOME (LOSS)	15,377,789	(4,778,507)	3,770,418	(4,793,234)	9,576,466	2,868,835
NON-OPERATING REVENUES (EXPENSES):						
Investment earnings	363,590	14,822	18,831	8,036	405,279	55,946
Interest income leases	2,946	-	-	-	2,946	-
Intergovernmental revenue	-	1,394,438	-	3,117,341	4,511,779	225,000
Passenger facility charges	-	284,818	-	-	284,818	-
Car rental customer facility charges	-	184,731	-	-	184,731	-
Rents and royalties	65,506	-	-	-	65,506	-
Net gain (loss) on disposal of assets	323,980	-	1,359	11,785	337,124	-
Interest expense and paying agent fees	(6,244,659)	-	-	-	(6,244,659)	(2,318)
Insurance recovery	-	-	-	-	-	115,637
Miscellaneous revenue	315,660	340,254	6,800	61,026	723,740	101,082
Other expense	-	-	-	-	-	(49,024)
Total Non-Operating Revenues (Expenses)	(5,172,977)	2,219,063	26,990	3,198,188	271,264	446,323
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	10,204,812	(2,559,444)	3,797,408	(1,595,046)	9,847,730	3,315,158
CAPITAL CONTRIBUTIONS AND TRANSFERS:						
Capital contributions	1,760,660	7,222,987	-	842,357	9,826,004	-
Transfers in	91,458	13,918	34,204	1,722,450	1,862,030	1,957,965
Transfers out	(947,676)	(471,155)	(3,286,012)	(53,578)	(4,758,421)	(126,728)
Net Contributions and Transfers	904,442	6,765,750	(3,251,808)	2,511,229	6,929,613	1,831,237
CHANGE IN NET POSITION	11,109,254	4,206,306	545,600	916,183	16,777,343	5,146,395
NET POSITION, BEGINNING OF YEAR, previously reported	228,340,222	-	6,179,049	3,779,384	238,298,655	27,678,651
Change in reporting entity	-	78,816,074	-	-	78,816,074	-
NET POSITION, BEGINNING OF YEAR, as restated	228,340,222	78,816,074	6,179,049	3,779,384	317,114,729	27,678,651
NET POSITION AT END OF YEAR	<u>\$ 239,449,476</u>	<u>\$ 83,022,380</u>	<u>\$ 6,724,649</u>	<u>\$ 4,695,567</u>	<u>\$ 333,892,072</u>	<u>\$ 32,825,046</u>
Change in net position of the enterprise funds					16,777,343	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,178,405	
Change in net position of business-type activities					<u>\$ 17,955,748</u>	

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

CITY OF ABILENE, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022

Exhibit B-5
Page 1

	Business-type Activities - Enterprise Funds					
	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 66,250,926	\$ 2,631,759	\$ 18,110,219	\$ 3,488,355	\$ 90,481,259	\$ 3,033,714
Receipts from interfund services provided	-	-	-	-	-	27,555,972
Payments to suppliers	(19,555,096)	(857,761)	(3,771,173)	(5,231,224)	(29,415,254)	(9,576,471)
Payments to employees	(10,867,206)	(1,613,993)	(4,473,484)	(1,265,121)	(18,219,804)	(2,207,057)
Payments for loss claims	-	-	-	-	-	(13,822,133)
Payments for interfund services used	(11,212,686)	(187,092)	(6,873,336)	(1,598,432)	(19,871,546)	(268,104)
Net cash provided (used) by operating activities	24,615,938	(27,087)	2,992,226	(4,606,422)	22,974,655	4,715,921
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Intergovernmental receipts	-	1,394,438	-	447,536	1,841,974	225,000
Transfers in	-	13,918	34,204	1,722,450	1,770,572	1,957,965
Transfers out	-	(471,155)	(3,286,012)	(53,578)	(3,810,745)	(126,728)
(Increase) Decrease in due from other funds	-	-	-	-	-	(3,080)
Increase (Decrease) in due to other funds	-	5,475	-	2,666,851	2,672,326	-
Net cash provided (used) by noncapital financing activities	-	942,676	(3,251,808)	4,783,259	2,474,127	2,053,157
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of bonds	23,270,000	-	-	-	23,270,000	-
Proceeds from bond premium	1,013,452	-	-	-	1,013,452	-
Bond issuance costs	(262,659)	-	-	-	(262,659)	-
Principal paid	(9,320,000)	-	-	-	(9,320,000)	-
Interest and paying agent fees	(6,421,732)	-	-	-	(6,421,732)	(2,141)
Acquisition and construction of capital assets	(14,127,356)	(3,444,246)	(292,976)	(839,264)	(18,703,842)	(4,850,343)
Proceeds from sale of capital assets	323,980	-	1,359	11,785	337,124	-
Transfers out	(940,515)	-	-	-	(940,515)	-
Proceeds from capital grants	-	3,412,821	-	842,357	4,255,178	-
Net cash (provided) used by capital and related financing activities	(6,464,830)	(31,425)	(291,617)	14,878	(6,772,994)	(4,852,484)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Cash to pooled investments	(10,338,312)	(855,700)	(901,396)	(438,384)	(12,533,792)	(3,984,939)
Interest on investments	363,895	14,822	18,831	8,036	405,584	55,946
Net cash used by investing activities	(9,974,417)	(840,878)	(882,565)	(430,348)	(12,128,208)	(3,928,993)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,176,691	43,286	(1,433,764)	(238,633)	6,547,580	(2,012,399)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	62,856,405	-	4,679,172	1,805,756	69,341,333	16,246,911
Change in reporting entity	-	3,002,295	-	-	3,002,295	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, RESTATED	62,856,405	3,002,295	4,679,172	1,805,756	72,343,628	16,246,911
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 71,033,096</u>	<u>\$ 3,045,581</u>	<u>\$ 3,245,408</u>	<u>\$ 1,567,123</u>	<u>\$ 78,891,208</u>	<u>\$ 14,234,512</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:						
Current assets:						
Cash and cash equivalents	\$ 35,542,861	\$ 925,022	\$ 3,245,408	\$ 1,567,123	\$ 41,280,414	\$ 14,234,512
Restricted assets - cash and cash equivalents	35,490,235	2,120,559	-	-	37,610,794	-
	<u>\$ 71,033,096</u>	<u>\$ 3,045,581</u>	<u>\$ 3,245,408</u>	<u>\$ 1,567,123</u>	<u>\$ 78,891,208</u>	<u>\$ 14,234,512</u>

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

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 15,377,789	\$ (4,778,507)	\$ 3,770,418	\$ (4,793,234)	\$ 9,576,466	\$ 2,868,835
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	11,520,862	3,971,993	265,457	414,394	16,172,706	2,600,380
Insurance recovery	-	-	-	-	-	115,637
Miscellaneous revenue	315,660	809,803	6,800	61,026	1,193,289	101,082
Rents and royalties	65,506	-	-	-	65,506	-
Interfund activity	91,458	-	-	-	91,458	(49,024)
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(1,081,199)	-	(252,177)	(32,058)	(1,365,434)	-
Prepaid items	-	(4,338)	-	(622)	(4,960)	(40,071)
Inventory	(378,878)	-	-	(31,915)	(410,793)	(154,238)
Lease receivable	(157,509)	-	-	-	(157,509)	-
Net pension asset	(1,201,195)	(437,557)	(515,659)	(149,438)	(2,303,849)	(133,988)
Deferred outflows of resources	12,603	(111,117)	(6,373)	6,309	(98,578)	4,278
Increase (decrease) in:						
Accounts payable	13,281	74,122	(279,271)	(72,662)	(264,530)	57,541
Accrued wages	(221,728)	27,883	(87,461)	(28,392)	(309,698)	(46,561)
Due to other funds	-	-	-	-	-	(224)
Compensated absences	(2,924)	85,437	104	2,467	85,084	14,928
Other deposits and liabilities	(29,751)	-	(4,068)	-	(33,819)	-
Estimated liability and health claims	-	-	-	-	-	(398,332)
Estimated health claims	-	-	-	-	-	(150,120)
Other post retirement benefits liability	29,944	4,909	11,536	3,682	50,071	5,645
Net pension liability	(1,467,901)	-	(512,599)	(178,730)	(2,159,230)	(369,202)
Deferred inflows of resources	1,729,920	330,285	595,519	192,751	2,848,475	289,355
Net cash provided (used) by operating activities	<u>\$ 24,615,938</u>	<u>\$ (27,087)</u>	<u>\$ 2,992,226</u>	<u>\$ (4,606,422)</u>	<u>\$ 22,974,655</u>	<u>\$ 4,715,921</u>
NONCASH TRANSACTIONS:						
Capital contributions from developers	\$ 1,563,610	\$ -	\$ -	\$ -	\$ 1,563,610	\$ -
Capital contribution from other funds	197,050	3,090,483	-	-	3,287,533	-
Capital asset acquisitions included in AP	-	710,206	-	-	710,206	-

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

CITY OF ABILENE, TEXAS
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2022

Exhibit B-6

	Pension Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 90,903	\$ 4,513,297
Investments		
Pooled investments	-	1,264,723
Mutual fund - bonds	9,327,593	-
Mutual funds	25,254,981	-
Hedge funds	55,560	-
Other equities	2,681,207	-
Money market funds	684,070	-
Common stock	3,583,281	-
Private real estate	50,689	-
Private infrastructure	2,829,491	-
Core real estate	5,732,098	-
Private debt	1,292,788	-
Accounts receivable	20,087	159,262
Prepaid expense	2,227	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>51,604,975</u>	<u>5,937,282</u>
LIABILITIES		
Accounts payable	-	342,665
Accrued liabilities	14,271	-
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>14,271</u>	<u>342,665</u>
NET POSITION		
Restricted for:		
Pension benefits	51,590,704	-
Other organizations and governments	-	5,594,617
	<u> </u>	<u> </u>
TOTAL NET POSITION	<u>\$ 51,590,704</u>	<u>\$ 5,594,617</u>

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

CITY OF ABILENE, TEXAS
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended September 30, 2022

Exhibit B-7

	Pension Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 3,758,847	\$ -
Employee	2,688,258	-
Total contributions	6,447,105	-
Investment Income (Loss)		
Net gain (loss) on fair value of investments	(12,069,045)	-
Interest and dividends	1,157,868	24,761
Other investment income	473,139	-
Less: investment expense	(209,978)	-
Net investment income (loss)	(10,648,016)	24,761
Hotel occupancy tax	-	1,227,838
Fees collected for other governments	-	1,870,133
Total additions	(4,200,911)	3,122,732
DEDUCTIONS		
Benefits paid including refunds of plan member contributions	9,077,349	-
Administrative expenses	104,518	2,766,870
Tax collections disbursed to other organizations	-	1,197,493
Other disbursements	-	105,395
Total deductions	9,181,867	4,069,758
Change in net position	(13,382,778)	(947,026)
Net position, beginning of year	64,973,482	6,541,643
Net position, end of year	\$ 51,590,704	\$ 5,594,617

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

CITY OF ABILENE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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CITY OF ABILENE, TEXAS
Notes to the Financial Statements
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The City of Abilene, Texas (the "City") is a municipal corporation incorporated under Article XI, Section 5, of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, morals, comfort, safety and convenience of the City and its citizens.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

Reporting Entity

The basic financial statements present the City and its component units and include all activities, organizations and functions for which the City is considered to be financially accountable. The criteria considered in determining activities to be reported within the City's basic financial statements include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

The City's major activities or functions include police and fire protection, parks and libraries, public health and social services, planning and development, public works, animal services, and general administrative services. In addition, the City operates five enterprise activities - the water and sewer utility system, the airport, solid waste, stormwater, and the transit system. These activities are included in the accompanying financial statements.

Blended Component Units

Blended component units, although legally separate entities, are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively. Blended component units of the City include the Abilene Tax Increment Reinvestment Zone #2.

On December 5, 2013, the City approved the creation of a tax increment zone (Abilene Tax Increment Reinvestment Zone #2) as permitted by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code. The area of the Zone is approximately 1,594 acres within downtown, and along the Pine Street and Ambler Ave corridors. The purpose of the Zone is to capture increments of growth in real property values in the Zone from base values established on January 1, 2013, and use the ad valorem taxes derived from these increments to contribute to the zoned area. Tax funds derived from the increment can only be spent for public improvements in the Zone or for the payment of debt service on bonds issued to provide funds for public improvements. The City has financial accountability because it has operational responsibility for the Zone.

Fiduciary Component Unit

The Abilene Firemen's Relief and Retirement Fund (the "Fund") is established and controlled through various State of Texas legislative enactments. The Fund is administered locally by a seven member Board of Trustees, composed of the Mayor (or his designee), Chief Financial Officer or his designee, three firefighters elected by majority vote of firefighters and two citizens, who must be appointed unanimously by the first five trustees. The Board of Trustees are subject to the administrative supervision of and report to the Texas Pension Review Board. The Pension Fund is funded by contributions from the firefighters and City matching contributions. As provided by enabling legislation, the City's responsibility to the AFRR fund is limited to matching bi-weekly contributions made by the members. Title to assets is vested in the AFRR Fund and not the City. The Texas State Pension Review Board is mandated to oversee all Texas public retirement systems in regard to their actuarial soundness and compliance with state law. There is a fiscal dependency on the City, and there is a potential that exclusion would result in misleading financial reporting.

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the City's component units. The financial statements of the following component units have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

The Development Corporation of Abilene (DCOA) is a legally separate non-profit economic development corporation created in 1989 by the authority of the Development Corporation Act of 1979 (Tex.Rev.Civ.Stat. art.5190.6). DCOA's purpose is to promote the City, assist developing companies, help create jobs in the Abilene area, and administer the one-half cent sales tax for economic development. DCOA is governed by a board appointed by the City Council. City Council approves DCOA's annual operating budget and project expenditures in excess of \$500,000. DCOA is reported as a discretely presented component unit. The City issues a separate annual financial report with supplemental information for the DCOA. Separate audited annual financial reports for the DCOA are available through the DCOA.

The Abilene Convention Center Hotel Development Corporation (ACCHDC) is a separate public, nonprofit corporation created in March 2019 by authority of the Texas Transportation Code for the purpose of aiding, assisting, and acting on behalf of the City of Abilene, Texas to promote the development of the geographic area of the City included at or in the vicinity of the Abilene Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism and economic development in the City, including specifically, without limitation, the development and financing of a convention center hotel within 1,000 feet of the Abilene Convention Center. ACCHDC is governed by a board appointed by City Council. ACCHDC is reported as a discretely presented component unit. Separate audited annual financial reports for the ACCHDC are available through the City.

Related Organizations

The Abilene Housing Authority (the "Authority") was created in 1971 as a public body corporate and politic pursuant to the Constitution and laws of the State of Texas, particularly the Housing Authorities Law, Article 1269k, Vernon's Annotated Texas Civil Statutes (now codified as Chapter 392 of the Local Government Code). The Authority was authorized by a duly adopted and proper resolution of the Abilene City Council to transact business and exercise its powers under the Housing Authorities Law. The powers of the Authority are vested in the commissioners of the Authority, who are appointed by the City Council. The purpose of the Authority is to provide affordable housing to qualified residents within the City. The City appoints the governing body of the Authority. However, the City is not financially accountable for the Authority, as the Authority's operations are subsidized by the federal government, the Authority establishes their own budget (subject to federal approval), the Authority establishes their rental rates, and has the ability to issue debt in the Authority's name. The City is not responsible for deficits or liabilities of the Authority. The operations of the Authority are not a part of the City and thus are excluded from the accompanying financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment 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 among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, pensions and other postemployment benefit obligations, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. This fund is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Fund – The function of this fund is to account for financial resources to be used for the acquisition or construction of capital improvements financed with bonds and specific receipts and donations.

Additionally, the government reports the following nonmajor governmental fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service or capital projects) that are restricted or committed to expenditures for specified purposes.

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

Proprietary Funds

Proprietary Funds are those used to account for the City's ongoing organizations and activities which are similar to those found in the private sector. The accounting objectives are determinations of operating income, changes in net position, financial position, and cash flow. All assets, deferred outflows, liabilities, and deferred inflows are included on the statement of net position.

The City reports the following major proprietary funds:

Water and Sewer - The Water and Sewer Fund accounts for the revenues and expenses associated with providing water and sewer services to the citizens of the City of Abilene.

Airport - The Airport Fund accounts for the revenues and expenses associated with the operations of the Abilene Regional Airport.

Solid Waste - The Solid Waste Fund accounts for the revenues and expenses associated with providing garbage removal services to the citizens of the City of Abilene.

Additionally, the City reports the following non-major proprietary funds:

Non-major Enterprise Fund - Transit - The Transit Fund accounts for the revenues and expenses associated with providing transit services to the citizens of the City of Abilene.

Non-major Enterprise Fund - Stormwater - The Stormwater Fund accounts for the revenues and expenses associated with providing quality and quantity of stormwater runoff due to ever-evolving regulations.

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The internal service funds of the City include fleet services, self-insurance, and technology services.

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for other governmental units. These include the following fund types:

Pension Trust Fund – is used to account for the assets held in trust for the members and beneficiaries of the Abilene Firefighter's Relief and Retirement Fund.

Custodial Funds – Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations and other governmental units. Custodial funds include venue taxes collected for the Abilene-Taylor County Events District and fees collected for the Abilene/Taylor County 911 Emergency Communication District.

Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Program Revenue

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenues include all taxes.

Operating and Nonoperating Items

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 enterprise and internal service funds are charges for services. Operating expense for enterprise funds and internal service funds

include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Net Position and Fund Balance Flow Assumption

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB Statement No. 72), establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

GASB Statement No. 72 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.
- Level 2 Inputs other than quotes prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs to the valuation methodology are unobservable.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Assets, Liabilities, and Net Position or Fund Balance

Cash Equivalents and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in pooled cash and investments with an original maturity of 90 days or less are considered to be cash equivalents for the purposes of the statement of cash flows. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

Investment valuation techniques are used to determine fair value. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

U.S. Government Securities: Level 2 securities are valued by a pricing service which uses an estimation process that values securities at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2022:

Assets at Fair Value as of September 30, 2022				
	Level 1	Level 2	Level 3	Total
U.S. Government Securities	\$ -	\$32,391,988	\$ -	\$32,391,988
Total assets at fair value	\$ -	\$32,391,988	\$ -	\$32,391,988

Investments – Abilene Firemen's Relief and Retirement Fund

Investments are valued at fair value determined by the following methods: investments traded on a national securities exchange are valued at the reported closing price as of the last business day of the year; and investments traded over-the-counter are valued at the last reported bid price.

Mutual funds are reported at net asset value per share. The hedge fund investments at Wells Fargo are valued at cost plus or minus the Plan's share of realized and unrealized gains and losses.

Investment gains and losses arising from increases or decreases in the fair values from the beginning of the year to the end of the year and investment gains and losses arising from the sale or maturity of investments are reported as net appreciation or depreciation in the fair value of investments in the statements of changes in fiduciary net position.

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 "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". All trade and property tax receivables are shown net of an allowance for uncollectibles.

Inventories and Prepaid Items

Inventories are stated at cost in the governmental funds and proprietary funds. Cost is determined for inventories in the Internal Service Fleet Services Fund using the average cost method. The Fleet Services Fund's oil and gas inventory and the Transit Fund's inventory are valued at cost.

All inventory purchases are recorded as inventory acquisitions (current assets) at the time of purchase. For all funds, the expenditure or expense is recognized when inventory is issued or consumed.

Prepaid items, recorded in both government-wide and fund financial statements, are goods or services that are paid for in advance and are applicable to future accounting periods. Using the consumption method, prepaid items are recorded as expenditures (governmental fund types) or expenses (proprietary fund types) as the goods or services are used. On the government-wide statement of activities, consumption of prepaid items is recorded as an expense.

Inventories and prepaid items reported in the General Fund and Special Revenue Funds are offset by a nonspendable fund balance, which indicates that these items do not represent available expendable resources even though they are a component of current assets.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position due to their use being limited by applicable bond covenants. The capital project funds record proceeds of debt issuances restricted for construction. The Debt Service Fund is used to segregate resources accumulated for debt service payments over the next 12 months.

Capital and Right-to-Use Lease Assets

Capital and right-to-use lease assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as in the proprietary fund financial statements. Capital and right-to-use lease assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for machinery and equipment and more than \$20,000 for buildings and improvements, and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized and are charged to operations as incurred. Improvements and betterments which materially extend the useful lives of the capital assets or add value are capitalized.

Depreciation of property, plant and equipment is generally provided by the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives for straight-line depreciation are as follows:

Buildings and improvements	5 to 50 years
Improvements other than buildings	10 to 40 years
Infrastructure	20 to 50 years
Transmission and distribution systems	5 to 50 years
Machinery and equipment	5 to 50 years
Vehicles	4 to 30 years
Intangibles	5 to 50 years
Leased assets	2 to 10 year

Contributions of funds from Federal, State, or local grants restricted for the purpose of purchasing property, plant, and equipment are recorded as capital contributions when received. The cost of water and sewer lines installed by developers is estimated by City engineers and recorded as capital contributions in the Water and Sewer Fund. The cost of streets and drainage installed by developers is estimated by City engineers and recorded as governmental activities capital contributions.

Public domain capital assets (infrastructure) consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, and similar assets are capitalized and depreciated.

Intangible assets include two water rights contracts the City has entered into with the West Central Texas Municipal Water District ("WCTMWD") with a total cost of \$31,453,175. Under the first contract, dated September 29, 1959 and amended on August 22, 1985, the City was granted a maximum of 31,000,000 gallons of water per day from the Hubbard Creek Reservoir. In September 1985, the City entered into a second contract with the WCTMWD for a fifty-year assured water supply agreement granting a 16.54% interest in the O.H. Ivie Reservoir water rights. The asset amortization period is 50 years.

Leases

Leases are defined by the general government as the right to use an underlying asset. As lessee the City recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximates the incremental borrowing rate, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Re-measurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life the underlying asset.

The City calculates the amortization of the discount on the lease liability and report that amount as outflows-of-resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

As lessor, the City recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

For lease contracts that are short-term, the City recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

Leases between the Abilene Regional Airport and air carriers and other aeronautical users are subject to external laws and regulations. As permitted by GASB Statement No. 87, the Airport recognizes inflows of resources based on the payment provisions of the lease contract, and the accounting policies do not apply to regulated leases.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net 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 and will not be recognized as an outflow of resources (expenses/expenditure) until then. The City had the following items that qualify for reporting in this category.

- Deferred charges on refunding - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Other Post-Employment Benefits (OPEB) contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions used to determine OPEB liability - This difference is deferred and amortized over a five year period.
- Pension contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual investment earnings on pension assets - This difference is deferred and amortized over a closed five year period.
- Changes in actuarial assumptions used to determine net pension liability - This difference is deferred and amortized over a five year period.

In addition to liabilities, the statement of net 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 and will not be recognized as an inflow of resources (revenue) until that time. The City had six items that qualify as deferred inflows of resources. The first item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow is reclassified to revenue on the government-wide financial statements. The second item qualifies as deferred inflows of resources as a result of implementing GASB Statement No. 68. These deferred inflows related to pensions and consist of the difference between actual and expected experience and the difference between projected and actual investment earnings. The third item qualifies as deferred inflows of resources as a result of implementing GASB Statement No. 75. These deferred inflows related to OPEB liabilities and consist of the difference between actual and expected experience and changes in actuarial assumptions. The fourth item relates to deferred inflows on refunding debt. When the debt is refunded, the associated gain is recognized as a deferred inflow and amortized over future years. The fifth item relates to deferred inflows on leases.

At the beginning of the lease term, a deferred inflow of resources is recorded and recognized as inflows on a straight-line basis over the term of the lease. The sixth item relates to an advance payment of payment in lieu of taxes.

The components of the City's deferred outflows of resources and deferred inflows of resources are as follows:

	Business Activities					Total
	Governmental Activities	Water and Sewer	Airport	Solid Waste	Non-Major Enterprise Fund	
Deferred Outflows of Resources						
Deferred outflows from pension activities	\$ 16,267,632	\$ 680,177	\$ 105,912	\$ 276,706	\$ 78,513	\$ 1,413,308
Deferred outflows from OPEB activities	750,748	114,746	5,205	44,866	13,251	178,068
Unamortized deferred bond refunding cost	1662,660	5,530,697	-	-	-	5,530,697
Total Deferred Outflows of Resources	<u>\$ 18,681,040</u>	<u>\$ 6,325,620</u>	<u>\$ 111,117</u>	<u>\$ 321,572</u>	<u>\$ 91,764</u>	<u>\$ 6,850,073</u>
Deferred Inflows of Resources						
Deferred inflows from pension activities	\$ 18,902,448	\$ 2,669,029	\$ 328,346	\$ 1,027,338	\$ 323,595	\$ 4,348,308
Deferred inflows from OPEB activities	280,889	42,863	1,939	16,752	4,956	66,510
Deferred Inflows from refunding	3,451	-	-	-	-	-
Deferred Inflows from leases	848,761	186,769	-	-	-	186,769
Deferred Inflows from taxes	125,000	-	-	-	-	-
Total Deferred Inflows of Resources	<u>\$ 20,160,549</u>	<u>\$ 2,898,661</u>	<u>\$ 330,285</u>	<u>\$ 1,044,090</u>	<u>\$ 328,551</u>	<u>\$ 4,601,587</u>

Long-Term Debt

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. General obligation bonds, which have been issued to fund capital projects of both the general government and certain proprietary funds, are to be repaid from tax revenues of the City. General obligation debt is recorded in the governmental activities in the government-wide financial statements.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period in the fund financial statements. Bond proceeds and premiums are reported as an "other financing source." Bond discounts are reported as an "other financing use". Bond issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types and in the government-wide financial statements, premiums and discounts are reported as deferred charges and amortized over the life of the related debt. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences

All employees may accumulate vacation and sick leave. In the event of termination, other than by death or retirement, an employee other than a police officer or firefighter may be reimbursed up to 45 vacation days. If termination is by death or retirement, the beneficiary or employee may also be reimbursed up to 90 sick leave days. The City is liable for up to 90 days sick leave and 45 days vacation leave related to police officers and firefighters regardless of cause for termination. In the government-wide statements, vacation and sick pay are recorded as an expense and related liability in the year earned. The liability for compensated absences in the governmental funds will be liquidated by the General fund.

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 Abilene Firemen's Relief and Retirement Fund (AFRRF) and additions to/deductions from TMRS's and AFRRF's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and AFRRF. 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.

Other Postemployment Benefits (OPEB)

The fiduciary net position of the TMRS Supplemental Death Benefits Plan (SDBP) has been determined using the economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from SDBP's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

In the government-wide financial statements and proprietary fund financial statements, the net position is reported in three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net investment in capital assets represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. 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.

Transactions Between Funds

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements to a fund for expenditures or expenses initially made from that fund which were properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

Federal and State Grants and Entitlements

Grants, entitlements, and shared revenues may be accounted for within any of the fund types. The purpose and requirements of each grant or entitlement are carefully analyzed to determine the proper fund type in which to record the related transactions. Grants or entitlements received for purposes normally financed through a particular fund type may be accounted for in that fund type provided that applicable legal restrictions can be appropriately satisfied.

Capital grants restricted for capital acquisitions or construction, other than those associated with proprietary type funds, are accounted for in the applicable Capital Projects Funds. Such revenues received for operating purposes of proprietary funds, or which may be utilized for either operations or capital outlay at the discretion of the City, are recognized in the applicable proprietary fund.

Grant proceeds received in advance of incurring eligible expenditures are reported as unearned revenues which totaled \$6,336,003 at September 30, 2022.

New Accounting Pronouncement Adopted in 2022

In fiscal year 2022, the City implemented GASB Statement No.87, Leases, which established new guidance for lease accounting for lessees and lessors and eliminated the classification of leases into operating or capital leases.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Policies

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. At least thirty days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget for the next fiscal year is legally enacted by the City Council through passage of an ordinance not later than the twenty-fifth day of the last month of the fiscal year. If the City Council does not enact the budget within this time period, then the budget as submitted by the City Manager becomes the legally authorized budget.
4. Expenditures may not legally exceed appropriations at the department level for each legally adopted annual operating budget. The City Manager may, without Council approval, transfer appropriation balances from one expenditure account to another within a department or agency of the City and from department to department, but is not authorized to increase total appropriations within a fund without prior Council approval. The reported budgetary data has been revised for amendments legally authorized during the year.
5. Annual budgets are legally adopted for the General Fund, some of the Special Revenue Funds (Community Development Fund, Home Fund, Health Services Fund, Health Grants Fund, Transportation Planning Fund, Court Fund, Seized Fund, Hotel Occupancy Tax Fund, and Street Maintenance Fund), the Debt Service Fund, Enterprise Funds and Internal Service Funds. Multi-year budgets are adopted for capital projects and grant funds, where appropriations remain authorized for the life of the project, irrespective of fiscal year.
6. At the close of each fiscal year, any unencumbered appropriation balance (appropriations including prior year encumbrances less current year expenditures and encumbrances) lapses or reverts to the unassigned fund balance. The unencumbered appropriation balance in the Capital Projects Funds does not lapse at year end.

The City prepares its annual operating budget on a basis (budget basis) which differs from U.S. generally accepted accounting principles (GAAP basis). In order to provide a meaningful comparison of actual results with the budget, the actual and budget amounts are presented in accordance with the City's method (budget basis) in the General Fund –Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Exhibit C-1).

The major difference between GAAP and budget basis is that encumbrances are recorded as an assignment of fund balance (GAAP basis) as opposed to the equivalent of expenditures (budget basis) in governmental funds. There is also a revenue difference between GAAP and budget basis because the City does not budget revenue in accordance with GASB 33 *Accounting and Financial Reporting for Nonexchange Transactions*.

Adjustments necessary to convert the change in fund balance from budget basis to GAAP basis are presented in the Notes to the Required Supplementary Information.

Encumbrances

Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to commit or assign that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as either commitments or assignments of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

For budgetary purposes, encumbrances outstanding at year end and the related appropriation are carried forward to the new fiscal year. Encumbrances constitute the equivalent of expenditures for budgetary purposes and, accordingly, the accompanying financial statements present comparisons of actual results to the legally adopted budgets on the budget basis of accounting.

Nature and Purpose of Classifications for Fund Balance

The following classifications describe the relative strength of the spending constraints placed on fund balance and the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself; using its highest level of decision –making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. City Council has authorized the City Manager as the official responsible for the assignment of fund balance for specific purposes, pursuant to the City's Fund Balance Policy.

In the general fund, the City is to maintain an unassigned fund balance equal to 25% of the annual expenditures. The City considers a balance of less than 20% to be a cause for concern, barring unusual or deliberate circumstances. In the event that the total fund balance is calculated to be less than the policy stipulates, the City will plan to adjust budget resources in subsequent fiscal years to restore the balance.

Appropriation from the minimum unassigned fund balance requires the approval of the City Council and will be utilized only for one-time expenditures, such as capital purchases, and not for ongoing expenditures unless a viable revenue plan designed to sustain the expenditure is simultaneously adopted. City Council may appropriate unassigned fund balances for emergency purposes, as deemed necessary, even if such use decreases the fund balance below the established minimum.

The City designates restricted amounts to be spent first if both restricted and unrestricted fund balance are available. Additionally, the City would first use committed, followed by assigned, and lastly unassigned balances when expenditures are incurred for purposes for which balances in any of those unrestricted fund balance classifications could be used.

The table below presents additional detail of fund balances as of September 30, 2022.

	Non-Major Governmental Funds					Total
	General	Capital Projects	Special Revenue	Debt Service	Total Non-major Govt Funds	
Fund Balance						
Non-spendable:						
Inventory	\$ 4,293	\$ -	\$ -	\$ -	\$ -	\$ 4,293
Prepaid items	36,780	-	38,624	-	38,624	75,404
Restricted for:						
Debt service	-	-	-	3,150,358	3,150,358	3,150,358
Capital projects	-	30,899,544	-	-	-	30,899,544
Public safety	-	-	1,227,121	-	1,227,121	1,227,121
Economic development	-	-	2,380,557	-	2,380,557	2,380,557
Community services	-	-	96,226	-	96,226	96,226
General government	-	-	273,600	-	273,600	273,600
Other purposes	-	-	250,285	-	250,285	250,285
Committed for:						
Streets maintenance	-	-	4,005,885	-	4,005,885	4,005,885
Assigned to:						
Capital projects	-	35,962,383	-	-	-	35,962,383
General services	55,651	-	-	-	-	55,651
Planning and development	63,565	-	-	-	-	63,565
Streets and transportation	147,707	-	-	-	-	147,707
Public safety	328,373	-	-	-	-	328,373
Community services	88,873	-	-	-	-	88,873
Unassigned	40,135,033	-	(3,188)	-	(3,188)	40,131,845
	<u>\$ 40,860,275</u>	<u>\$ 66,861,927</u>	<u>\$ 8,269,110</u>	<u>\$ 3,150,358</u>	<u>\$ 11,419,468</u>	<u>\$ 119,141,670</u>

NOTE 3: DEPOSITS AND INVESTMENTS

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

Legal Investments

Under current Texas law, the City is authorized to invest in (1) obligations of the United States or its instrumentalities, (2) direct obligations of the State of Texas or its agencies, (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 the State of Texas or the United States or its instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state that are rated A or higher by a nationally recognized investment rating agency, (6) bonds issued, assumed, or guaranteed by the State of Israel, (7) interest bearing bank deposits or certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation or National Credit Union Share Insurance Fund or are secured as to principal by obligations described in the preceding clauses or in any other manner and amount provided by law for City deposits, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through primary government securities dealer or a financial institution doing business in the State of Texas, (9) securities lending program that is 100% collateralized, can be terminated at any time, and placed through a primary government securities dealer or a financial institution in the state of Texas, and has a term of one year or less, (10) bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank, (12) no-load money market mutual funds registered with the Securities and Exchange Commission, (13) no-load mutual funds registered with the Securities and Exchange Commission with an average weighted maturity of less than two years and a duration of (a) one year or more if invested exclusively in obligations approved in this section or (b) less than one year if investment portfolio is limited to investment grade securities, excluding asset-backed securities, (14) guaranteed investment contracts with a defined termination date, secured by obligations in an amount at least equal to the amount of bond proceeds invested under the contract, and is pledged to the entity and deposited with the entity or a third party selected and approved by the entity, and (15) public funds investment pools continuously rated no lower than AAA or AAAM or equivalent rating by at least one nationally recognized rating service and maintain a stable \$1 net asset value. The City may invest in such obligations directly or through government investment pools that invest solely in such obligations. The City did not engage in repurchase nor reverse repurchase agreement transactions during the current year.

Custodial Credit Risk

The City's demand deposits had a carrying value of \$8,171,894 at year end and are entirely covered by FDIC insurance and pledged collateral held in the City's name by the City's agent. Obligations that may be pledged as collateral are as follows:

1. Obligations of the U.S. or its agencies and instrumentalities.
2. Direct obligations of the state, agencies, counties, cities and other political subdivisions of the state of Texas rated as to investment quality by a nationally recognized investment firm not less than A or its equivalent.

Investment Policies

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived". Under Texas law and City policy, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all City funds must be invested in investments that protect principal, are consistent with the operating requirements of the City, and yield the highest possible rate of return.

Objectives

Funds of the City are invested in accordance with State law, IRS arbitrage regulations, City Council approved policies and written administrative procedures. The City's objectives in managing its investment portfolios are as follows:

1. Safety - The first and foremost consideration of any custodian of public funds must be safety of the principal amount involved.
2. Liquidity - The City must have cash or "near cash" on hand to meet current obligations.
3. Yield - While it is certainly desirable to show a high effective rate of return on invested funds, it is important to recognize that it is essential to keep every dollar working every day, even at a reduced rate of return.

Interest Rate Risk and Concentration Risk

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective is to mitigate interest rate risk (the risk that the fair value of securities in the portfolio will fall due to changes in general interest rate) and concentration risk (the risk of over reliance on any one investment type or issuer). The table below lists the City's investment policies and adherence of the current portfolio to these risks:

Authorized Investment Type	Per Policy		At September 30, 2022	
	Maximum Maturity	Maximum % of Portfolio	Maximum Maturity	% Of Portfolio
Local Government Investment Pools		100%	1 day	68%
Certificates of Deposit	1 year	50%	1 year	0%
U.S. Government Securities	2-10 years	100%	4 years	14%
Money Market Mutual Funds	Weighted Average 90 days	15%	n/a	1%
Money Market			1 day	17%

For short term liquidity requirements, the City voluntarily participates in two local government investment pools. TexPool was created to invest funds on behalf of Texas political subdivisions. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operation, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool uses amortized cost rather than the market value to report net position to compute share prices. TexPool allows for same day or next day redemptions and deposits. As of September 30, 2022, TexPool's portfolio maintained a weighted average maturity of approximately 24 days.

The other local government investment pool utilized by the City is Texas Short Term Asset Reserve Fund (TexStar). This pool is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank. The fair value of the position of TexStar is measured at net asset value and is designed to approximate the share value. The pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The pool offers same day access to investment funds. As of September 30, 2022, TexStar's portfolio maintained a weighted average maturity of approximately 12 days.

TexPool and TexStar's investment policies limit the weighted average maturity to sixty (60) days. The pools do not invest in derivatives. In order to maintain a stable \$1 price of the funds, the pools will sell portfolio holdings if the ratio of the fair value of the portfolio divided by the book value of the portfolio is less than .995 or greater than 1.005. The \$1 price is not guaranteed or insured by the State of Texas, the Comptroller of Public Accounts, the pools or their administrators.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2022, the City's investments in TexStar and TexPool were both rated AAAM by Standard and Poor's. In addition, the City requires all investment balances with financial institutions (certificates of deposit and money market accounts) to be fully collateralized with pledged securities or letters of credit held by third parties.

Investment Administration

The Finance Director is responsible for the City's comprehensive cash management program, including the administration of the Investment Policies. The Finance Director is responsible for considering the quality and capability of staff involved in investment management and procedures and for authorizing investments. The Assistant Director of Finance accounts for investments and pledged collateral in order to maintain appropriate internal controls.

The City of Abilene's Investment Program is divided into three portfolios 1) Core; 2) Emergency/Liquidity; and 3) Discretionary.

Core Portfolio

The core portfolio is specifically managed to achieve the first three objectives of safety, liquidity, and legality. This portfolio consists of instruments that have a stated maturity date covering a twelve (12) to eighteen (18) month period. The instruments are timed to meet payrolls, bond payments, accounts payable, and capital project schedules. Typical investment types are Certificates of Deposit, Treasury Bills, Treasury Notes, and other short term obligations of agencies or instrumentalities of the United States.

Emergency/Liquidity Portfolio

The emergency/liquidity portfolio is managed to not only achieve the objectives of the core portfolio but also to achieve better yields and flexibility. This portfolio consists of instruments with a stated maturity date that is not required to cover operations but is available for liquidity purposes, if necessary, or to take advantage of changes in the market. In addition, TexPool and TexStar are maintained to provide immediate access to funds should conditions warrant.

Discretionary Portfolio

The discretionary portfolio is managed to achieve all of the objectives while allowing somewhat more flexibility. This portfolio is utilized to enhance the overall yield of the investment program by allowing flexibility in the type of instrument purchases from monies not needed in the immediate future.

The City maintains a pooled investment fund which is shared by various funds and component units of the City. Each individual fund's and component unit's equity investment in the pooled investment fund is reflected as cash equivalents and investments in the accompanying financial statements.

Cash and cash equivalent balances at September 30, 2022 are as follows:

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	Custodial Funds	Total
Petty Cash	\$ 17,453	\$ -	\$ 1,100	\$ 2,950	\$ 440	\$ -	\$ 21,943
Deposits	5,626,069	4,221	2,415,912	29,653	2,188	93,851	8,171,894
Pooled Fund Cash Equivalents	23,399,480	19,521,060	5,994,466	44,783,585	14,231,884	4,385,293	112,315,768
TexStar	-	46,004,543	-	30,473,528	-	34,153	76,512,224
Money Market Funds	-	-	-	1,881,821	-	-	1,881,821
Money Market Mutual Funds	-	-	-	1,719,671	-	-	1,719,671
Total	<u>\$ 29,043,002</u>	<u>\$65,529,824</u>	<u>\$ 8,411,478</u>	<u>\$78,891,208</u>	<u>\$14,234,512</u>	<u>\$4,513,297</u>	<u>\$ 200,623,321</u>

Shown in the statements in the following line items:

Cash and cash equivalents	\$ 29,043,002	\$19,524,781	\$ 5,967,784	\$41,280,414	\$14,234,512	\$4,513,297	\$ 114,563,790
Restricted cash and cash equivalents	-	46,005,043	2,443,694	37,610,794	-	-	86,059,531
Total	<u>\$ 29,043,002</u>	<u>\$65,529,824</u>	<u>\$ 8,411,478</u>	<u>\$78,891,208</u>	<u>\$14,234,512</u>	<u>\$4,513,297</u>	<u>\$ 200,623,321</u>

Pooled fund investment balances at September 30, 2022 are as follows:

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	Custodial Funds	Total
Investments	\$ 6,733,136	\$ 5,629,894	\$ 1,089,886	\$11,891,179	\$ 4,104,490	\$1,264,723	\$ 30,713,308
Restricted Investments	-	-	654,226	1,024,454	-	-	1,678,680
Total	\$ 6,733,136	\$ 5,629,894	\$ 1,744,112	\$12,915,633	\$ 4,104,490	\$1,264,723	\$ 32,391,988

The following represents the investments and cash equivalents at September 30, 2022 located in the pooled investment fund:

Description	Credit Ratings	Interest Rate	Par Value	Book Value (Cost)	Carrying Value
<u>Core Portfolio:</u>					
FFCB	Aaa	1.042	\$3,000,000	\$2,992,602	\$2,980,170
FHLB	Aaa	2.417	2,000,000	2,000,000	1,982,840
FHLMC	Aaa	2.000	1,000,000	1,000,000	1,001,120
Treasury Bill	N/A	2.000	1,000,000	991,367	985,538
Treasury Note	N/A	0.926	<u>4,000,000</u>	<u>3,989,257</u>	<u>3,960,770</u>
			<u>\$11,000,000</u>	<u>\$10,973,226</u>	<u>\$10,910,438</u>
<u>Discretionary Portfolio:</u>					
FHLB	Aaa	2.591	3,000,000	3,000,000	2,914,133
FHLMC	Aaa	4.553	1,000,000	999,250	1,000,000
Treasury Bill	N/A	3.189	1,000,000	973,397	969,811
Treasury Note	N/A	1.796	<u>17,000,000</u>	<u>16,801,127</u>	<u>16,556,868</u>
			<u>22,000,000</u>	<u>21,773,774</u>	<u>21,440,812</u>
<u>Emergency/Liquidity Portfolio:</u>					
TexPool	AAAm	2.413	54,125,218	54,125,218	54,125,218
TexStar	AAAm	2.294	22,614,158	22,614,158	22,614,158
Money Market	N/A	2.238	<u>35,576,392</u>	<u>35,576,392</u>	<u>35,576,392</u>
			<u>112,315,768</u>	<u>112,315,768</u>	<u>112,315,768</u>
Accrued Interest			<u>\$40,738</u>	<u>\$40,738</u>	<u>\$40,738</u>
Total			<u>\$145,356,506</u>	<u>\$145,103,506</u>	<u>\$144,707,756</u>

The government agency securities above are registered and held in safekeeping by the City's agent in the City's name.

Deposits and Investments - Abilene Firemen's Relief and Retirement Fund (AFRRF)

Deposits held in the AFRRF's operating bank account at September 30, 2022 were entirely insured or collateralized with federal deposit insurance and securities held by the pledging financial institution's agent bank in the name of the AFRRF.

The AFRRF's investments are managed by various managers who have discretionary authority over assets managed by them, within the investment guidelines established by the AFRRF Board, under the contracts with the pension plan. The investments are held by the AFRRF custodian in the pension plan's name. The AFRRF is authorized to invest in obligations of the U.S. Treasury, agencies, corporate bonds, mutual funds, diversified hedge fund programs, and equity securities.

The AFRRF is prohibited from investing in insurance contracts, guaranteed investment contracts (GICs), bank certificates of deposits with maturities in excess of one year, short sales, naked options, commodities, unregistered or restricted stock, leveraged investments, as well as real estate for which the AFRRF had direct ownership.

The following presents the fair value of investments at September 30, 2022 of individual investments that represent 5% or more of the AFRRF's fiduciary net position disclosed separately.

Investment Type	September 30, 2022
Mutual Funds	
Vanguard Total Stock Market Index Fund	\$ 17,494,494
Western Asset Core Bond Fund	7,878,965
Clearbridge International Growth	2,806,505
Harding Lovener International Equity	2,950,332
Blackrock Multit-Asset Income Fund	2,681,208
Other equities (REITs, EFTs)	
American Core Realty	3,910,989
	<u>\$ 37,722,493</u>

Through adherence to the AFRRF's investment policy, management attempts to limit or mitigate certain risks. A summary of these requirements are listed below.

Equities – At least 60% of the equity securities owned must be listed on either the New York or American Stock exchanges and no more than 10% of the portfolio's equity designated assets at market value should be invested in any one industry. The minimum market capitalization of any stock, at time of purchase, should be no lower than \$400,000,000.

Fixed-income securities – All debt securities must be rated "A" or better by Moody's, Standard & Poor's (S&P), or Fitch. A portion of the fixed-income portfolio, not to exceed 5%, may utilize bonds whose ratings are BBB. The policy does allow up to 65% of the high-yield fixed income securities portfolio to be invested in high-yield or high-risk bonds (Ba or BB or below at the time of purchase) and other similar securities. The maximum maturity of all fixed income investments, with the exception of mortgage-backed securities and the portfolio of high-yield fixed income securities, is 10 years.

Cash reserves and cash equivalents – The policy allows commercial paper with rating of A-1, A-2, Prime 1, or Prime 2; obligations of the U.S. government and any of its agencies; certificates of deposit and bankers' acceptances issued by banks rated "AA" or higher by Moody's or S&P; and no-load money market funds with all of the above-defined quality guidelines.

Alternative investments – The alternative investments are comprised of a combination of single manager strategies and diversified hedge fund programs known as a fund of funds which shall be monitored for diversification and risk management. No more than 10% of the assets of the hedge fund will be invested in any one manager at the outset of investment.

The AFRRF did not have any specific debt investments that would require disclosure for the year ended September 30, 2022. The AFRRF is invested in a fixed income mutual fund with an average effective maturity of 15.71 years as of September 30, 2022.

The AFRRF investment policy does not limit the maximum allowable stated maturity of individual investments, except for fixed-income securities mentioned above.

Concentration of credit risk – The AFRRF's investment policy does not limit investments in any one issuer except the investment portfolio shall be diversified after considering maturity duration, type of investment, liquidity factors, cash-flow timing and degree of risk.

It is AFRRF's policy to invest the assets in accordance with the Target allocation stated below and within the limitations so noted. The Asset Mix Policy established by the Board of Trustees represents a long-term view (a full market cycle). As such, rapid and sudden market movements may cause the Fund's actual asset mix to fall outside the stated policy range. Any such divergence, however, should be short-term in nature.

Asset Class	Allocation Range	Target Allocation
U.S. Equities	32.5% to 42.5%	37.5%
Private Equity	0% to 10%	5.0%
International Equities	7.5% to 17.5%	12.5%
Emerging Market Equities	0% to 10%	5.0%
Fixed income-Core/Core Plus	10% to 20%	15.0%
Fixed Income-Global	0% to 5%	2.5%
Fixed Income-Private Debt	0% to 5%	2.5%
Global Tactile Asset Allocation	0% to 10%	5.0%
Private Real Estate	0% to 15%	10.0%
Private Infrastructure	0% to 10%	5.0%
Cash Equivalents	0% to 5%	0.0%
		<u>100.0%</u>

Credit risk - The AFRRF's rated debt investments as of September 30, 2022, using the Moody's or S&P rating scale, are presented below:

Investment Type	Moody's / S&P Rating	September 30, 2022
Money Market funds	Aaa	\$ 684,070

The net appreciation (depreciation) in investments for the year ending September 30, 2022 is presented below:

Investment Type	September 30, 2022
Hedge funds	\$ (228,988)
Mutual funds	(9,081,528)
Other equities	(1,043,431)
Common stock	(1,715,098)
Total	<u>\$ (12,069,045)</u>

Rate of Return – For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -17.26%. The money-weighted rate of return expresses investment performance, net of plan investment expense, adjusted for the changing amounts actually invested.

The AFRRF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 are significant other observable inputs; Level 3 are significant unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the investments measured at fair value on a recurring basis at September 30, 2022:

	Level 1	Level 2	Level 3	Total
Hedge funds	\$ -	\$ 55,560	\$ -	\$ 55,560
Mutual funds-bonds	9,327,593	-	-	9,327,593
Mutual funds	25,254,981	-	-	25,254,981
Other equities	2,681,207	-	-	2,681,207
Money Market funds	684,070	-	-	684,070
Common stock	3,583,281	-	-	3,583,281
Private real estate	-	50,689	-	50,689
Private infrastructure	2,829,491	-	-	2,829,491
Core real estate	5,732,098	-	-	5,732,098
Private debt	-	-	1,292,788	1,292,788
	<u>\$ 50,092,721</u>	<u>\$ 106,249</u>	<u>\$ 1,292,788</u>	<u>\$ 51,491,758</u>

The level 3 assets are measured using the fair value of the underlying assets and the present value of future cash flows of the investments.

	Private Debt
Beginning Balance	\$ 1,159,998
Purchases / transfers	131,816
Investment income	125,717
Disbtibutions / return of capital	(124,743)
	<u>\$ 1,292,788</u>

NOTE 4: ACCOUNTS AND NOTES RECEIVABLE

Receivables at September 30, 2022 for the government's individual major and nonmajor governmental and internal service funds, including the applicable allowances for uncollectible accounts, consist of the following:

	General	General Capital Projects	Nonmajor	Total Governmental Activities
Receivables:				
Accounts	\$ 9,899,967	\$ 63,168	\$3,108,254	\$ 13,071,389
Property tax	1,316,567	-	-	1,316,567
Sales tax	7,798,722	-	-	7,798,722
Bingo tax	13,933	-	-	13,933
Franchise	1,431,066	-	-	1,431,066
Hotel occupancy tax	-	-	387,607	387,607
Lease receivable	131,677	-	722,102	853,779
Notes receivable	79,124	704,744	1,900,152	2,684,020
Accrued Interest	-	-	2,029,150	2,029,150
Due from other governments	323,127	64,043	1,077,106	1,464,276
Gross Receivables	20,994,183	831,955	9,224,371	31,050,509
Less allowance for doubtful accounts	(7,357,306)	-	(2,197,939)	(9,555,245)
Net total receivables	<u>\$ 13,636,877</u>	<u>\$ 831,955</u>	<u>\$7,026,432</u>	<u>\$ 21,495,264</u>

Receivables at September 30, 2022 for the government's individual major and nonmajor enterprise funds, including the applicable allowances for uncollectible accounts, consist of the following:

	Water and Sewer	Airport	Solid Waste	Nonmajor Enterprise Funds	Total Business- type Activities
Receivables:					
Accounts	\$ 15,810,405	\$ -	\$4,985,952	\$ 647,158	\$ 21,443,515
Leases	185,356	-	-	-	185,356
Due from other governments	-	719,683	-	3,468,154	4,187,837
Gross Receivables	<u>\$ 15,995,761</u>	<u>\$ 719,683</u>	<u>\$4,985,952</u>	<u>\$ 4,115,312</u>	<u>\$ 25,816,708</u>
Less allowance for doubtful accounts	<u>(5,859,822)</u>	<u>-</u>	<u>(2,690,032)</u>	<u>(247,497)</u>	<u>(8,797,351)</u>
Net total receivables	<u>\$ 10,135,939</u>	<u>\$ 719,683</u>	<u>\$2,295,920</u>	<u>\$ 3,867,815</u>	<u>\$ 17,019,357</u>

NOTE 5: PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 2021, upon which the 2021 levy was based, was \$7,305,405,934. Taxes are due by January 31 following the October 1 levy date. Split payments are permitted: the first half by November 30; the second half by June 30. Discounts are not allowed.

A tax lien attaches to property on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed on the property. The lien attaches whether or not the taxes were imposed in the year in which the lien attached. The lien exists in favor of each taxing unit having the power to tax the property. The provision applies to both real and personal property.

Legislation passed in 1979 and amended in 1981 by the Texas Legislature with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide Appraisal Districts and for a State property tax board which commenced operations in January, 1980.

As of October 1, 1981, the appraisal of property within the City is the responsibility of the Central Appraisal District of Taylor County (CAD). The CAD is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, all real property within the Appraisal District must be reappraised every four years.

The CAD has chosen to review the value of property every year. The City may challenge appraised values established by the CAD through various appeals and if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the proposed tax rate exceeds the no-new-revenue tax rate by more than 3.5%, referred to as the voter-approval tax rate, the City is required to hold an election. If voters do not approve, the tax rate is set at the voter-approval tax rate. Legislation does allow the City to "bank" unused amounts between the adopted tax rate and the voter-approval tax rate for up to three years. This is referred to as the unused increment rate and if used, would allow the City to exceed the voter-approval tax rate in a future year without requiring an election. This legislation also provides that, if mandated by the qualified voters in the City, the collection function must be placed with the Tax Authority. In October 1982, the CAD assumed the property tax billing and collection function for the City at a fee of one-half of one percent of total current taxes collected.

The City is permitted by Article II, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. A practical limitation on taxes levied for debt service is \$1.50 per \$100 of assessed valuation as established by the attorney general of the State of Texas.

The tax rate to finance general governmental services other than payment of principal and interest on long-term debt was \$.6019 per \$100 for the year ended September 30, 2022. The tax rate to finance the payment of principal and interest on long-term debt was \$.1832 per \$100 for the year ended September 30, 2022. Current taxes collected during the year ended September 30, 2022, amounted to 98.8% of the current tax levy.

The City has adopted a policy to record all delinquent taxes in the General Fund at year end. The City's general obligation bonds require an annual tax levy sufficient to pay principal and interest on the bonds with full allowance being made for delinquent taxes. The bond ordinances require that the Debt Service Fund be funded from actual tax receipts as received. The later collection of delinquent taxes after the current year funding requirements have been satisfied will be in excess of the actual requirements for the payment of the bonds. Therefore, such delinquent taxes are deposited in the City's General Fund after the City has met the annual requirements for the payment of the bonds.

NOTE 6: TAX ABATEMENTS

As of September 30, 2022, the City provides a program for tax abatements of real and/or business personal property tax in accordance with Texas Tax Code Section 312, "Property Redevelopment and Tax Abatement Act" and resolutions adopted by City Council. The purpose of the program is to attract new industries and to encourage the retention and development of existing businesses for the economic benefit of the City of Abilene.

Entities eligible to apply for tax abatement are as follows:

Enterprise Type	Eligibility	Amount of Abatement
Industrial, Manufacturing, Distribution, Service Businesses, Renewable Energy	Meet minimum capital expenditure and job creation requirements, in accordance with City's Tax Abatement Policy (Resolution 201-2021)	Property tax may be abated up to 100 percent (of the increase in value from the year the agreement is executed) for up to 10 years depending on the capital expenditure and jobs created
Multi-family residential properties	Available on a limited basis to properties located in a specific zone	Minimum amount of property tax abatement is 50% with an additional 5% for every 5 units over 50 (of the increase in value from the year the agreement is executed) for up to 5 years
Properties subject to a voluntary cleanup program executed with the Texas Commission on Environmental Quality	Meet minimum capital expenditure and job creation requirements, in accordance with City's Tax Abatement Policy (Resolution 201-2021)	Property tax may be abated up to 100 percent (of the increase in value from the year the agreement is executed) for up to 4 years depending on the capital expenditure and jobs created
Retail businesses located within one of Abilene's three enterprise zones or a designated development area	Meet minimum capital expenditure and job creation requirements, in accordance with City's Tax Abatement Policy (Resolution 201-2021)	Property tax may be abated up to 50 percent (of the increase in value from the year the agreement is executed) for up to 5 years depending on the capital expenditure and jobs created

If any business (other than retail) is located or will locate within a City of Abilene enterprise zone, an additional 5-10% abatement may be available, as individually negotiated, with total abatement not to exceed 100%. Tax abatement may be granted only for the additional value of eligible property improvements made and specified in an abatement agreement between the City and the property. The property tax due is net of the abated amount, or the property tax may be paid by the taxpayer and subsequently refunded by the City.

If the minimum requirements are not met during the period as negotiated in the agreement, the percentage of abatement shall be reduced to the level of abatement at which minimum requirements have been met, and any taxes abated before the adjustment may be recaptured by the City. Current agreements provide that upon failure to comply or default, financial assistance provided shall become immediately due and payable to the City, not to exceed the amount of property taxes abated during the immediately preceding calendar year.

Other commitments made by the City as part of these agreements include the waiver of applicable building permit fees. For the fiscal year ended September 30, 2022, no improvements have been completed to date on any tax abatement agreements and therefore no tax revenues were reduced as a result of these agreements.

NOTE 7: CAPITAL AND RIGHT-TO-USE LEASE ASSETS

Capital and right-to-use lease asset activity for the year ended September 30, 2022, was as follows:

<u>Governmental Activities:</u>	Balance September 30, 2021 as restated *	Additions/ Completions	Retirements/ Adjustments	Transfers	Balance September 30, 2022
Capital assets, not being depreciated:					
Land	\$ 12,581,533	\$ 1,521,470	\$ -	\$ -	\$ 14,103,003
Easements	-	30,769	-	-	30,769
Construction in progress	14,315,140	24,965,133	(8,852,545)	(2,964,265)	27,463,463
Total capital assets, not being depreciated	26,896,673	26,517,372	(8,852,545)	(2,964,265)	41,597,235
Capital assets being depreciated / amortized:					
Buildings and improvements	106,674,747	3,054,807	(789,879)	(8,135,565)	100,804,110
Leasehold improvements	1,678,966	-	-	-	1,678,966
Improvements other than buildings	158,214,440	2,579,364	-	(107,705,145)	53,088,659
Infrastructure	194,632,559	13,124,792	-	-	207,757,351
Machinery and equipment	17,826,763	659,473	-	(1,052,639)	17,433,597
Vehicles	56,187,945	7,778,385	-	(596,188)	63,370,142
Intangible assets	3,556,112	424,400	(11,195)	-	3,969,317
RTU buildings	1,201,155	173,336	-	-	1,374,491
RTU equipment	456,519	71,618	-	-	528,137
Total assets being depreciated / amortized	540,429,206	27,866,175	(801,074)	(117,489,537)	450,004,770
Less: Accumulated depreciation / amortization:					
Buildings and improvements	(31,730,746)	(3,768,976)	52,660	3,501,147	(31,945,915)
Leasehold improvements	(755,535)	(167,896)	-	-	(923,431)
Improvements other than buildings	(69,163,221)	(1,981,478)	-	37,123,843	(34,020,856)
Infrastructure	(95,407,924)	(7,478,310)	-	-	(102,886,234)
Machinery and equipment	(9,041,708)	(1,502,440)	-	693,993	(9,850,155)
Vehicles	(33,396,660)	(3,125,540)	-	285,622	(36,236,578)
Intangible assets	(3,372,538)	(116,818)	11,195	-	(3,478,161)
RTU buildings	-	(159,132)	-	-	(159,132)
RTU equipment	-	(136,192)	-	-	(136,192)
Total accumulated depreciation / amortization	(242,868,332)	(18,436,782)	63,855	41,604,605	(219,636,654)
Total capital and lease assets being depreciated / amortized, net	297,560,874	9,429,393	(737,219)	(75,884,932)	230,368,116
Governmental activities capital and lease assets, net	\$ 324,457,547	\$ 35,946,765	\$ (9,589,764)	\$ (78,849,197)	\$ 271,965,351

* Due to the implementation of GASB Statement 87, the prior fiscal year ending balance for the right-to-use lease assets was restated. This restatement was for \$1,657,674.

<u>Business-Type Activities:</u>	Balance September 30, 2021	Additions/ Completions	Retirements/ Adjustments	Transfers	Balance September 30, 2022
Capital assets, not being depreciated:					
Land	\$ 1,846,948	\$ -	\$ -	\$ -	\$ 1,846,948
Construction in progress	20,001,629	14,397,198	(17,512,750)	220,598	17,106,675
Total capital assets, not being depreciated	21,848,577	14,397,198	(17,512,750)	220,598	18,953,623
Capital assets, being depreciated / amortized:					
Buildings and improvements	243,603,460	3,967,225	-	10,879,232	258,449,917
Improvements other than buildings	251,931,279	20,311,449	-	107,705,145	379,947,873
Machinery and equipment	15,549,153	776,530	-	1,043,791	17,369,474
Vehicles	6,594,905	622,720	(103,855)	605,036	7,718,806
Intangible assets	32,063,372	21,160	-	-	32,084,532
Total assets being depreciated / amortized	549,742,169	25,699,084	(103,855)	120,233,204	695,570,602
Less: Accumulated depreciation / amortization:					
Buildings and improvements	(49,616,036)	(5,247,011)	-	(3,501,149)	(58,364,196)
Improvements other than buildings	(97,051,523)	(9,122,038)	-	(37,123,842)	(143,297,403)
Machinery and equipment	(12,132,979)	(793,159)	-	(692,222)	(13,618,360)
Vehicles	(5,971,251)	(333,310)	103,855	(287,392)	(6,488,098)
Intangible assets	(17,457,969)	(677,188)	-	-	(18,135,157)
Total accumulated depreciation / amortization	(182,229,758)	(16,172,706)	103,855	(41,604,605)	(239,903,214)
Total capital assets being depreciated / amortized, net	367,512,411	9,526,378	-	78,628,599	455,667,388
Business-type activities capital assets, net	389,360,988	23,923,576	(17,512,750)	78,849,197	474,621,011

Construction in progress in the enterprise funds includes various capital projects which are substantially funded by general obligation bonds, certificates of obligation, and federal and state grants. See Note 1 for a description of significant accounting policies related to capital assets. The capital assets of the internal service funds are included in the governmental activities in the government-wide financial statements.

Depreciation and amortization expenses were charged to functions of the primary government as follows:

Governmental Activities:

General services and administration	\$ 2,559,011
Infrastructure and development	7,498,189
Public safety	2,908,874
Community Services	2,870,328
Internal Service Funds	2,600,380
Total depreciation and amortization expense - Governmental activities	<u>\$ 18,436,782</u>

Business-Type Activities:

Water and Sewer	\$ 11,520,862
Airport	3,971,993
Solid Waste Services	265,457
Transit	414,394
Total depreciation/amortization expense - Business-type activities	<u>\$ 16,172,706</u>

NOTE 8: LONG-TERM OBLIGATIONS AND AMOUNTS DUE WITHIN ONE YEAR

The following is a summary of changes in long-term obligations for the year ended September 30, 2022:

	Balance at September 30, 2021 as restated *	Additions	Retirements	Balance at September 30, 2022	Due within one year
Governmental Activities:					
Bonds:					
General obligation bonds payable	\$ 76,155,000	\$ -	\$ 6,045,000	\$ 70,110,000	\$ 5,775,000
Certificate of obligation payable	37,545,000	19,900,000	1,910,000	55,535,000	2,180,000
Bond premiums	11,867,578	3,870,370	1,093,519	14,644,429	-
Total bonds payable	<u>125,567,578</u>	<u>23,770,370</u>	<u>9,048,519</u>	<u>140,289,429</u>	<u>7,955,000</u>
Compensated absences	11,061,483	1,421,137	1,394,485	11,088,135	1,210,695
Estimated unpaid claims	5,272,908	11,144,907	11,693,359	4,724,456	1,820,583
Lease liability	1,657,674	244,954	291,196	1,611,432	339,362
Other post employment benefit liability	4,646,336	195,375	-	4,841,711	-
Net pension liability	70,164,142	16,481,904	10,607,131	76,038,915	-
Total Governmental Activities	<u>\$ 218,370,121</u>	<u>\$ 53,258,647</u>	<u>\$ 33,034,690</u>	<u>\$ 238,594,078</u>	<u>\$ 11,325,640</u>
Business Type Activities					
Bonds:					
General obligation bonds payable	\$ 170,275,000	\$ -	\$ 2,190,000	\$ 168,085,000	\$ 4,150,000
Certificate of obligation payable	51,725,000	23,270,000	7,130,000	67,865,000	6,045,000
Bond premiums (discounts)	7,017,072	1,013,452	903,555	7,126,969	-
Total bonds payable	<u>229,017,072</u>	<u>24,283,452</u>	<u>10,223,555</u>	<u>243,076,969</u>	<u>10,195,000</u>
Compensated absences	689,070	401,894	316,810	774,154	250,679
Other post employment benefit liability	1,012,325	50,071	-	1,062,396	-
Net pension liability	2,159,230	-	2,159,230	-	-
Total Business Type Activities	<u>\$ 232,877,697</u>	<u>\$ 24,735,417</u>	<u>\$ 12,699,595</u>	<u>\$ 244,913,519</u>	<u>\$ 10,445,679</u>

* Due to the implementation of GASB Statement 87, the prior fiscal year ending balance was restated to include the lease liability of \$1,657,674.

Governmental Activities

Capital Projects Funds are used to account for the acquisition or construction of capital assets and certain capital assets of proprietary funds (except for Water and Sewer Fund capital assets financed through revenue bonds). The acquisition or construction of water and sewer system capital assets has been funded substantially by the issuance of general obligation and certificates of obligation bonds and intergovernmental revenues. The bond covenants on the general obligation and certificates of obligation bonds sold to fund capital assets of the water and sewer system are secured by future ad valorem tax levies. Although the Water and Sewer Fund is not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding general obligation bonds, the City provides for a portion of the debt service of these bonds from budgeted allocations of surplus water and sewer system net revenues. If such funds are not available, the debt service would be financed from governmental funds.

Payments for the governmental activities general obligation and certificate of obligation bonds payable are made in the Debt Service Fund. Accrued compensated absences that pertain to governmental activities will be liquidated by the General Fund and Special Revenue Funds. The Self Insurance Internal Service Fund will liquidate insurance claims payable that pertain to governmental activities. The other post-employment benefit liability and net pension liability that pertains to the governmental activities will be liquidated mainly by the General Fund.

On October 12, 2021 the City of Abilene issued Certificate of Obligation Bonds, Series 2021A of \$19,900,000 with an interest rate range of 2.0 to 5.0 percent and a final maturity of February 15, 2041. Proceeds from the sale of the Certificates will be used for the public purpose of (a) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage, and including acquiring land and interests in land therefore and (b) to pay for professional services of attorneys, financial advisors and other professionals in the connection with such projects and the issuance of the Certificates.

The City intends to retire all of its general obligation and certificates of obligation bonds, plus interest, from future ad valorem tax levies and is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. The general obligation and certificates of obligation bonds outstanding at September 30, 2022, will be amortized serially each year on dates prescribed by each respective bond ordinance through 2041. Total interest requirement for these bonds, at rates ranging from .463% to 5.9%, aggregate \$41,077,830. \$3,150,358 is available in the Debt Service Fund to service the general obligation and certificates of obligation bonds. All of these bonds are callable on dates prescribed by each respective bond ordinance.

The attorney general of the State of Texas established a practical limitation of \$1.50 per \$100 of assessed valuation on the debt service tax rate levied to service general obligation bonds, including interest. The tax rate to finance the payment of principal and interest on general obligation long-term debt for the year ended September 30, 2022, was \$.1832 per \$100 assessed valuation.

A number of limitations and restrictions are contained in the various general obligation bond indentures. The City is in compliance with all significant limitations and restrictions.

The Capital Projects Fund, with restricted fund balance aggregating \$30,899,544 arise principally from proceeds of general obligation bonds and certificates of obligation sales. These proceeds may be used solely for the designated purposes as stated in the respective bond indenture and prospectus under which such bonds were sold. The City is in compliance with these requirements.

The following is a schedule of the governmental activities General Obligation and Certificates of Obligations bonds outstanding as of 9/30/22:

	Date of Issue	Amount of Original Issue	True Interest Cost	Maturity and Option Dates	Amount Outstanding 09/30/22
General Obligation Bonds	08/01/2007	\$ 1,070,000	5.0467	2-15-27/17	\$ 250,000
General Obligation Bonds	08/15/2015	13,820,000	3.3500	2-15-35/25	2,045,000
General Obligation Bonds	08/15/2015	21,115,000	3.3500	2-15-35/25	5,125,000
Certificates of Obligation	08/15/2015	1,955,000	3.4000	2-15-35/25	1,260,000
General Obligation Bonds	09/01/2016	13,895,000	2.4131	2-15-36/25	7,040,000
General Obligation Bonds	09/01/2016	25,765,000	2.4131	2-15-36/25	19,865,000
Certificates of Obligation	09/01/2016	2,000,000	2.1100	2-15-31/25	1,195,000
General Obligation Bonds	07/01/2017	13,660,000	3.2167	2-15-37/26	11,375,000
Certificates of Obligation	07/01/2017	7,830,000	3.2165	2-15-37/26	6,500,000
General Obligation Bonds	12/01/2017	830,000	2.0893	2-15-35/28	320,000
General Obligation Bonds	07/01/2018	4,880,000	3.4000	2-15-38/28	4,220,000
Certificates of Obligation	07/01/2018	10,215,000	3.4719	2-15-39/28	9,105,000
Certificates of Obligation	07/01/2018	1,615,000	3.4368	2-15-39/28	1,440,000
General Obligation Bonds	12/01/2019	7,315,000	2.7656	2-15-40/30	7,045,000
Certificates of Obligation	12/01/2019	10,745,000	2.7153	2-15-40/30	10,135,000
General Obligation Bonds	07/15/2020	13,255,000	2.2349	2-15-35/29	12,825,000
Certificates of Obligation	10/12/2021	19,900,000	2.2075	2-15-41/30	19,900,000
Certificates of Obligation	09/23/2021	6,000,000	2.5809	2-15-38/26	6,000,000
					<u>\$125,645,000</u>

The following is a maturity schedule for the bonds:

Fiscal Year Ended September 30	Principal	Interest	Total Requirement
2023	\$ 7,955,000	\$ 4,848,155	\$ 12,803,155
2024	7,550,000	4,517,962	12,067,962
2025	7,710,000	4,183,622	11,893,622
2026	7,975,000	3,881,426	11,856,426
2027	7,900,000	3,586,616	11,486,616
2028 - 2032	38,085,000	13,326,814	51,411,814
2033 - 2037	36,985,000	5,968,035	42,953,035
2038 - 2041	11,485,000	765,200	12,250,200
Total	<u>\$ 125,645,000</u>	<u>\$ 41,077,830</u>	<u>\$ 166,722,830</u>

At September 30, 2022, the City had authorized and unissued general obligation bonds of \$300,000 proposed for sanitary landfill purposes which the City has no plans to sell.

Business Type Activities

Water and Wastewater Obligations

On June 1, 2022 the City of Abilene issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2022 of \$23,270,000 with an interest rate range of 4.0 to 5.0 percent and a final maturity of February 15, 2042. Proceeds from the sale of the Certificates will be used for the public purpose of (a) constructing, acquiring, installing and equipping additions, extensions and improvements to the City's waterworks and sewer system, including water treatment improvements, distribution lines, lift and pump stations, water resources and storage facilities, and acquisition of easements and equipment for water treatment improvements and pipelines, and (b) to pay for professional services of attorneys, financial advisors and other professionals in connection with such projects and the issuance of the Certificates.

The following is a schedule of Water and Wastewater Obligation Bonds outstanding as of 9/30/22:

	Date of Issue	Amount of Original Issue	True Interest Cost	Maturity and Option Dates	Amount Outstanding 09/30/22
Certificate of Obligation	12/20/2012	2,500,000	0.94	2-15-33/23	\$ 1,420,000
Certificate of Obligation Bonds	11/01/2014	57,580,000	3.69	2-15-40/24	1,695,000
Certificate of Obligation Bonds	04/01/2015	67,350,000	3.661	2-15-41/25	3,990,000
General Obligation Bonds	09/01/2016	1,890,000	2.413	2-15-36/25	750,000
Certificate of Obligation Bonds	07/01/2017	10,740,000	3.2165	2-15-37/26	8,925,000
General Obligation Bonds	12/01/2017	31,885,000	2.0893	2-15-35/28	29,415,000
Certificate of Obligation Bonds	11/27/2018	18,370,000	1.693375	2-15-39/29	15,865,000
General Obligation Bonds	12/01/2019	73,030,000	3.154238	2-15-40/30	70,155,000
Certificate of Obligation Bonds	12/01/2020	13,185,000	2.715295	2-15-40/30	12,700,000
General Obligation Bonds	07/15/2020	69,570,000	2.234875	2-15-43/31	67,765,000
Certificate of Obligation Bonds	06/01/2022	23,270,000	3.747868	2-15-42/31	23,270,000
					<u>\$235,950,000</u>

The following is a maturity schedule for the above bonds:

Fiscal Year Ended September 30	Principal	Interest	Total Requirement
2023	\$ 10,195,000	\$ 7,256,787	\$ 17,451,787
2024	10,715,000	6,725,729	17,440,729
2025	10,655,000	6,400,706	17,055,706
2026	10,920,000	6,123,158	17,043,158
2027	11,200,000	5,852,988	17,052,988
2028 - 2032	61,355,000	23,924,079	85,279,079
2033 - 2037	71,365,000	13,636,988	85,001,988
2038 - 2042	49,105,000	2,880,632	51,985,632
2043	440,000	5,870	445,870
Total	<u>\$ 235,950,000</u>	<u>\$ 72,806,937</u>	<u>\$ 308,756,937</u>

Defeased Debt

In fiscal year 2020, the City defeased \$137,145,000 of the 2013 General Obligation Bonds, 2015 General Obligation Bonds, 2013 Certificate of Obligation Bonds, 2014 Certificate of Obligation Bonds and 2015 Certificate of Obligation Bonds by placing new bond proceeds in an escrow to provide for future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. As of September 30, 2022, \$110,070,000 of defeased bonds are still outstanding.

NOTE 9: LEASES

City as Lessee

The City has obtained office space, copiers and other equipment through long-term leases. The terms and conditions for these leases varies. These leases are fixed, periodic payments over the lease term, which ranges between 2 -9 years. The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are no agreements that include sale-leaseback and lease-leaseback transactions.

As of September 30, 2022, the City had minimum principal and interest payment requirement for its leasing activities, with a remaining term more than one year as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 339,362	\$ 22,820	\$ 362,182
2024	331,709	17,940	349,649
2025	221,436	13,094	234,530
2026	169,948	9,936	179,884
2027	147,191	7,397	154,588
2028 - 2030	401,786	9,045	410,831
	<u>\$ 1,611,432</u>	<u>\$ 80,232</u>	<u>\$ 1,691,664</u>

City as Lessor

The City leases City-owned properties such as buildings, land and water towers. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term. The City did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-leaseback transactions.

Principal and interest to maturity for the lease receivables at September 30, 2022 are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 125,845	\$ 11,555	\$ 137,400
2024	119,079	9,821	128,900
2025	119,100	8,099	127,199
2026	120,145	6,354	126,499
2027	121,408	4,592	126,000
2028 - 2031	248,202	3,798	252,000
	<u>\$ 853,779</u>	<u>\$ 44,219</u>	<u>\$ 897,998</u>

Fiscal Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 27,825	\$ 2,540	\$ 30,365
2024	31,846	2,128	33,974
2025	32,300	1,674	33,974
2026	32,761	1,213	33,974
2027	33,229	746	33,975
2027 - 2031	27,395	283	27,678
	<u>\$ 185,356</u>	<u>\$ 8,584</u>	<u>\$ 193,940</u>

Regulated Leases

The City does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. Regulated leases include the following:

Airline Use – The City has entered into an Air Carrier Terminal Lease and Operating Agreement with American Airlines for the use of the terminal, gates and baggage claim area. The City and American Airlines entered into a three-year lease effective August 1, 2019, with two one-year extension options, if mutually agreed to by both the City and American Airlines. The revenue recognized for the exclusive use of terminal space during the year ending September 30, 2022 was \$233,389. The revenue recognized for usage-based landing fees for the year ended September 30, 2022 was \$88,787.

Airline Hangar Buildings – The City has entered into several contracts for the lease of hangars located at the Abilene Regional Airport. These contracts have various start dates ranging from 2005 to 2019 and end dates ranging from 2023 to 2042. These contracts include periodic rate adjustments based on CPI. The revenue recognized for these Hangar contracts for the year ended September 30, 2022 was \$102,406.

Fixed Based Operators – The City has entered into several contracts with Fixed Base Operators (FBO) for the lease of certain airport land and buildings. An FBO is a commercial enterprise that provides aeronautical services such as fueling, aircraft parking and storage to the general aviation community, and therefore is considered to be a regulated lease. These contracts have various start dates ranging from 2004 to 2020 and end dates ranges from 2023 to 2044. The revenue recognized for these FBO contracts for the year ended September 30, 2022 was \$235,893.

Expected future minimum lease payments from regulated leases at September 30, 2022 are as follows:

Fiscal Year Ending September 30,	Total
2023	\$ 566,376
2024	500,949
2025	330,637
2026	306,946
2027	306,946
2028 - 2032	985,777
2033 - 2037	657,725
2038 - 2042	635,051
2043 - 2044	201,735
	<u>\$ 4,492,142</u>

NOTE 10: RETIREMENT PLANS

Plan Descriptions

Texas Municipal Retirement System

The City provides pension benefits for all of its eligible employees, except firefighters, through a defined benefit cash-balance plan, one of 901 participating cities, 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 Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for municipal 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 does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at www.tmrs.com.

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

Abilene Firemen's Relief and Retirement Fund

The City provides pension benefits, through a single-employer defined benefit plan, for all of its firefighters not covered by the Texas Municipal Retirement System. The Abilene Firemen's Relief and Retirement Fund (AFRRF) is established under the authority of the Texas Local Fire Fighter's Retirement Act (TLFFRA). The fund is administered by a Board of Trustees. The Board is made up of three members elected from and by the fund members, two representatives of the City of Abilene, Texas, and two citizen members. The plan was most recently amended effective December 1, 2019. Audited financial statements are issued by the Plan and can be obtained from the City of Abilene.

All eligible firefighters of the City, not covered by TMRS or any other system or plan, are required to participate in AFRRF.

Benefits Provided

Texas Municipal Retirement System (TMRS) – This plan 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 benefit is calculated based on the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest and their age at retirement and other actuarial factors. The retiring members may select one of seven monthly benefit 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 member's deposits and interest.

Abilene Firemen's Relief and Retirement Fund (AFRRF) – This plan provides retirement, disability, and death benefits. Members hired before February 1, 2019 receive Tier 1 Benefits. A Tier 1 member is eligible for service retirement if they have completed 20 years of credited service and attained the age of 50. A member who retires under the service retirement provision will receive a monthly benefit equal to the sum of a) standard service benefit equal to 3 percent of the member's average monthly salary multiplied by the member's number of years of credited service not in excess of 20 years and b) an additional service benefit calculated as the sum of (i) the member's years of credited service in excess of 20 but not to exceed 21.5 years, multiplied by 3.0 percent of the member's average monthly salary and (ii) \$80.00 multiplied by the member's years of service credit in excess of 21.5. A Deferred Retirement Option Plan (DROP) is available to eligible members with 23 years of service and age 53. Effective February 1, 2019, all future new hires will accrue benefits under a Tier 2 benefit structure. A Tier 2 member is eligible for service retirement if they have completed 20 years of credited service and attained the age of 53. Key provision of the approved Tier 2 benefit structure are listed below:

<u>Benefit</u>	<u>Tier 2</u>
Normal Retirement Age	53 / 20 years of service
AFC Period	5 years
Benefit Accrual Rate	2.75% per year
Maximum Accrual Rate	55% of AFC
Longevity Supplement	\$80/month after 20 years

Effective January 1, 2020, the definition of compensation excludes deployment pay and overtime hours in excess of 288 for purposed of determining the highest average salary. The plans provisions for the City are as follows:

	<u>Texas Municipal Retirement System</u>	<u>Abilene Firemen's Relief and Retirement Fund</u>
Employee deposit rate	7%	15.20% Oct 1 2019
Matching ratio (City to employee)	2 to 1	
City's Contribution		21.25% Oct 1 2019
A member is vested after	5 years	20 years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	Tier 1 50/20 Tier 2 53/20
Updated Service Credit	100% Repeating, Transfers	
Annuity increase to retirees	0% of CPI	0% of CPI

As of the most recent measurement date of the net pension liability, membership data for the pension plans are as follows:

	<u>Texas Municipal Retirement System</u>	<u>Abilene Firemen's Relief and Retirement Fund</u>
Measurement Date	December 31, 2021	October 1, 2022
Retirees and beneficiaries currently receiving benefits	914	192
Inactive employees entitled to but not yet receiving benefits	746	6
Active employees	<u>1,024</u>	<u>192</u>
Total participants	<u>2,684</u>	<u>390</u>

Contributions

Texas Municipal Retirement System (TMRS) – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee total compensation, and the city matching percentages are either 1:1 (1 to 1); 1.5:1 (1 ½ to 1) or 2:1 (2 to 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 Abilene were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.97% and 10.67% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$6,960,209 and were equal to the required contributions.

Abilene Firemen's Relief and Retirement Fund (AFRRF) – The City's contribution rate for fiscal years 2021 and 2022 was 21.25% of each member's gross pay. Of this amount 1.75 percent of pay is dedicated to providing post-retirement benefit increase to inactive members, unless the contribution is needed in order to meet the funding requirements of the plan. Fund members contribution rate was 15.2% of gross pay for fiscal years 2021 and

2022. Employee contributions are “picked up” by the City, as permitted under Section 414(h)(2) of the Internal Revenue Code. For this reason, a members’ contributions are excluded from taxable income when paid into the fund. The City’s contributions to AFRRF for the year ended September 30, 2022 were \$3,758,848 and were equal to the required contribution.

Net Pension Liability

The “Net Pension Liability” (NPL) is the difference between the “Total Pension Liability” (TPL) and the plan’s “Fiduciary Net Position” (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments (COLA’s). In addition, ad hoc COLA’s are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plans.

Texas Municipal Retirement System (TMRS) - 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.

Abilene Firemen’s Relief and Retirement Fund (AFRRF) – The City’s Net Pension Liability (NPL) was measured as of September 30, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of October 1, 2021.

	Texas Municipal Retirement System	Abilene Firemen’s Relief and Retirement Fund
Measurement Date	December 31, 2021	September 30, 2022
Total Pension Liability	\$ 337,557,402	\$ 127,368,380
Fiduciary Net Position	346,668,880	51,329,465
Net Pension Liability (Asset)	<u>\$ (9,111,478)</u>	<u>\$ 76,038,915</u>

Actuarial Assumptions

Texas Municipal Retirement System

The Total Pension Liability 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 were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5 % and 3.0 % 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.

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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	<u>100.0%</u>	

Abilene Firemen's Relief and Retirement Fund

The Total Pension Liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. Update procedures were used to roll forward the total pension liability from the actuarial valuation date to the pension plan's fiscal year-end.

Inflation	2.5% per year
Salary increases	Service based
Discount rate	7.5%
Investment rate of return	7.5%

Mortality rates were based upon the PubS-2010 Mortality Table for Employees, Healthy Retirees, Contingent Survivors and Disabled Retirees. The mortality assumptions for all participants are sex distinct with mortality improvement projected 5 years beyond the valuation date using scale MP-2021 and a base year of 2010.

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

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equities	42.5%	7.50%
International Equities	17.5%	8.50%
Domestic Fixed Income	15.0%	2.50%
Private Fixed Income	2.5%	2.50%
Global Fixed Income	2.5%	3.50%
Private Real Estate	10.0%	4.50%
Infrastructure	5.0%	4.50%
GTAA	5.0%	3.50%
Total	<u>100.0%</u>	

Discount Rate

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

Abilene Firemen's Relief and Retirement Fund (AFRRF) – The discount rate used to measure the Total Pension Liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that City contributions will continue at the negotiated rate of 21.25% of payroll each year. Based on those assumptions, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan 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. For purposes of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 4.77% (based on the weekly rate closest to but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index); and the resulting single discount rate is 7.50%.

Schedule of Changes in the Net Pension Liability

Changes in the City's net pension liability / (asset) presented below are calculated on the same basis as each of the plans. The Change in Net Pension Liability for TMRS and AFRRF for the fiscal year ended September 30, 2022 are as follows:

Texas Municipal Retirement System

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability
Balance at 12/31/2020	\$ 326,606,678	\$ 313,840,317	\$ 12,766,361
Changes for the year:			
Service cost	8,834,189	-	8,834,189
Interest	21,714,515	-	21,714,515
Change in benefit terms	-	-	-
Difference between expected and actual experience	(943,482)	-	(943,482)
Change in assumptions	-	-	-
Contributions - employer	-	6,601,699	(6,601,699)
Contributions - employee	-	4,212,488	(4,212,488)
Net investment income	-	40,856,883	(40,856,883)
Benefit payments, including refunds of employee contributions	(18,654,498)	(18,654,498)	-
Administrative expenses	-	(189,306)	189,306
Other changes	-	1,297	(1,297)
Net changes	10,950,724	32,828,563	(21,877,839)
Balance at 12/31/21	\$ 337,557,402	\$ 346,668,880	\$ (9,111,478)

Abilene Firemen's Relief and Retirement Fund

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability
Balance at 9/30/21	\$ 124,501,851	\$ 64,944,840	\$ 59,557,011
Changes for the year:			
Service cost	2,741,060	-	2,741,060
Interest	9,202,818	-	9,202,818
Change in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Contributions - employer	-	3,758,848	(3,758,848)
Contributions - employee	-	2,688,258	(2,688,258)
Net investment income	-	(10,880,614)	10,880,614
Benefit payments, including refunds of employee contributions	(9,077,349)	(9,077,349)	-
Administrative expenses	-	(104,518)	104,518
Net changes	2,866,529	(13,615,375)	16,481,904
Balance at 9/30/22	\$ 127,368,380	\$ 51,329,465	\$ 76,038,915

Sensitivity of the net pension liability / (asset) to changes in the discount rate

The following presents the net pension liability / (asset) for each of the City's plans, calculated using the discount rate, as well as what the City's net pension liability / (asset) would have been if it were calculated using a discount rate that is 1-percentage-point lower and 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate 5.75%	Current Discount Rate Assumption 6.75%	1% Increase in Discount Rate 7.75%
TMRS - Net pension liability (asset)	\$ 32,312,214	\$ (9,111,478)	\$ (43,612,491)
	6.50%	7.50%	8.50%
AFRRF - Net pension liability	\$ 90,368,063	\$ 76,038,195	\$ 63,953,462

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' Fiduciary Net Position is available in a separately-issued TMRS financial report which may be obtained on the Internet at www.tmr.com and a AFRRF financial report which may be obtained from the Abilene Firemen's Relief and Retirement Fund, 102 Cedar St., Suite 100, Abilene, Texas 79601.

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

For the year ended September 30, 2022, the City recognized total pension expense of \$5,560,488. Pension expense reduction recognized for the TMRS plan was \$(2,333,454) and the pension expense for the AFRRF was \$7,893,942.

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

	Texas Municipal Retirement System	Abilene Firemen's Relief and Retirement Fund	Total
Deferred Outflow s of Resources			
Contributions subsequent to the measurement date	\$5,043,411	\$ -	\$5,043,411
Difference between projected and actual investment earnings	-	9,311,995	9,311,995
Changes in actuarial assumptions	204,451	2,849,083	3,053,534
Total Deferred Outflow s of Resources	\$5,247,862	\$12,161,078	\$17,408,940
Deferred Inflow s of Resources			
Difference between projected and actual investment earnings	\$20,951,730	\$ -	\$20,951,730
Differences between expected and actual experience	989,596	1,309,430	2,299,026
Total Deferred Inflow s of Resources	\$21,941,326	\$1,309,430	\$23,250,756

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,043,411 will be recognized as a reduction of the net pension liability or an increase to the net pension asset for the measurement year ending December 31, 2022 (i.e. recognized in the city's financial statements September 30, 2023).

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	Texas Municipal Retirement System	Abilene Firemen's Relief and Retirement Fund
2023	\$ (3,856,118)	\$ 3,103,551
2024	(9,364,552)	2,522,786
2025	(4,581,674)	2,423,293
2026	(3,934,531)	2,940,793
2027	-	(138,775)
Thereafter	-	-
Total	\$ (21,736,875)	\$ 10,851,648

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS

Supplemental Death Benefits Plan

Texas Municipal Retirement System (TMRS) administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide supplemental death benefits for their active members with optional coverage for their retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the member's annual salary (calculated based on the member's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$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).

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based upon 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.

Membership

As of the most recent actuarial valuation of the total OPEB liability, membership data is as follows:

Actuarial Valuation Measurement Date	December 31, 2021
Inactive employees currently receiving benefits	736
Inactive employees entitled to but not receiving benefits	198
Active employees	<u>1,024</u>
Total	<u>1,958</u>

Total OPEB Liability and Summary of Actuarial Assumptions:

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The total OPEB liability was based upon an actuarial valuation 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. A summary of the actuarial assumptions is listed below:

Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Discount rate*	1.84%
Retiree's share of benefit-related costs	\$0.00
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

Changes in Total OPEB Liability

Changes in the City's total OPEB liability for the fiscal year ended September 30, 2022 are as follows:

Changes in the Total OPEB Liability	
Total OPEB Liability - beginning of year December 31, 2020 *	\$ 5,658,661
Changes for the year	
Service Cost	228,678
Interest on Total OPEB Liability	113,956
Changes of benefit terms	-
Difference between expected and actual experience	(116,819)
Changes in assumptions or other inputs	170,077
Benefit payments **	(150,446)
Net changes	<u>245,446</u>
Total OPEB Liability - end of year December 31, 2021 *	<u>\$ 5,904,107</u>

* The dates listed are based upon the actuarial valuation date.

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

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

The following presents the total OPEB liability, calculated using the discount rate, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1-percentage-point lower and 1-percentage-point higher than the current rate:

1% Decrease	Current Discount Rate	1% Increase
0.84%	1.84%	2.84%
\$7,144,764	\$5,904,107	\$4,947,270

OPEB Expense

For the fiscal year ended September 30, 2022, the City recognized total OPEB expense of \$551,235. OPEB expenses recognized is as follows:

OPEB Expense	
Service Cost	\$ 228,678
Interest on total OPEB liability	113,956
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflow s/inflow s of resources	
Differences between expected and actual experience	(127,979)
Changes in assumptions or other inputs ⁽¹⁾	336,580
Total OPEB expense	<u>\$ 551,235</u>

(1) Generally, this will only be the annual change in the municipal bond index rate.

Schedule of Deferred Outflows and Inflows of Resources

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

	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Differences between expected and actual experience	\$ -	\$ (299,095)
Changes in assumptions and other inputs	815,375	(48,304)
Contributions made subsequent to measurement date	113,441	-
Total	<u>\$ 928,816</u>	<u>\$ (347,399)</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$113,441, will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2022 (i.e. recognized in the city's financial statements September 30, 2023).

Other amounts reported as deferred outflows of resources related to OPEB at September 30, 2022 will be recognized in OPEB expense as follows:

	Deferred Outflow s / (Inflow s) of Resources
Year ended September 30:	
2023	\$163,989
2024	209,802
2025	85,585
2026	8,600
Total	<u>\$467,976</u>

NOTE 12: SELF-INSURANCE

The City has established a Self-Insurance Fund to separately report the activities of the City's general and police professional liability, health, life and property insurance, and worker's compensation plans.

General and Professional Liability

During the current year, the City's liability insurance was a "self-insured" retention for loss plan. The City has a liability insurance policy for bodily injury and property damage for the airport through Texas Municipal League Intergovernmental Risk Pool (TMLRP). The airport insurance coverage is \$1,000,000 per occurrence. The City has general liability, law enforcement liability, and error & omissions liability coverage through TMLRP at \$2,000,000 per occurrence. The City informally budgets for current claims based on actuarial valuations and historical data. The City incurred \$161,618 for liability claims and paid \$359,795 for liability insurance premiums for the year ended September 30, 2022. The City remains self-insured in regards to general and professional liability for claims under \$50,000 per occurrence.

Health Insurance

The City's health insurance program is a "self-insured" minimum premium cash flow plan. The City and each covered employee make a pre-determined monthly contribution to the plan. All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan, and the City reimburses the insurance company for the amount of each claim paid. The insurance company charges the City a fee for each claim processed. The insurance company also secures bids for aggregate and individual stop loss coverage. The City informally budgets for current claims, administrative costs, and stop loss coverage based on actuarial valuations and current health care statistics. Prescriptions for medication are covered through a self-insured prescription card. Under this plan, the card holder pays one pre-set co-payment for generic medications and a higher co-payment for name brand drugs with the City paying the difference, thereby sharing the cost between the City and the card holder. Funding covers both the cost of claims and administrative expenses. The City paid \$10,178,993 in health and prescription claims and paid \$637,505 for administrative costs for the year ended September 30, 2022. The City contributed \$7,999,938 and City employees contributed \$3,033,714 to the health insurance program for the year ended September 30, 2022. Retirees and other agency contributions were \$194,107 for the year ended September 30, 2022.

Estimated health claims that have been incurred but not reported are accrued at year end. The estimated liability for health claims is \$857,921 at September 30, 2022. The estimated liability for health claims is based upon historical claims experience. All of the health claims liability is expected to be paid within one year. The following is a walkforward of the activity in the estimated liability account for the years ended September 30, 2020, 2021 and 2022:

	Accrued Liability Beginning of Year	Claims Expense	Payments	Accrued Liability End of Year
Estimated health claims:				
2020	\$ 795,052	\$ 11,588,504	\$ 11,431,700	\$ 951,856
2021	951,856	8,630,511	8,574,326	1,008,041
2022	1,008,041	10,028,873	10,178,993	857,921

Life Insurance

The City's employee life insurance program is administered by an independent insurance company. The City collects premium payments from employees and retirees electing to participate in the program and remits these premium payments to the insurance company. Life insurance premiums collected and remitted for employees and retirees amounted to \$18,035 and \$111, respectively, for the year ended September 30, 2022.

Property Insurance

The City's property insurance program through TMLIRP included a blanket property insurance policy of \$400,252,405 for buildings, contents and equipment with a \$250,000 deductible and a \$5,000,000 limit for flood and earthquake loss. In addition, the City maintained \$100,000 coverage on boiler and building machinery, with a \$50,000 deductible and \$9,397,810 of coverage on mobile equipment with a deductible of \$250,000. Automobile physical damage coverage of \$20,110,124 was maintained on the fleet with a deductible of \$250,000. The City paid \$751,838 in property insurance premiums and \$276,224 for property claims for the year ended September 30, 2022. The following is a walkforward of the activity in the estimated liability account for the year ended September 30, 2020, 2021 and 2022:

	Accrued Liability Beginning of Year	Claims Expense	Payments	Accrued Liability End of Year
Estimated liability claims:				
2020	\$ 775,000	\$ -	\$ 775,000	\$ -
2021	-	305,916	305,916	-
2022	-	276,224	276,224	-

Workers' Compensation

The City's workers' compensation plan is part of the Texas Municipal League Intergovernmental Risk Pool ("TMLIRP") in which the City is a member (however, the City is responsible only for claims of the City). TMLIRP reviews and processes all worker's compensation claims. The City maintains a \$1,000,000 per occurrence retention and informally budgets for current claims based on actuarial valuations and historical data. The City paid \$1,238,142 in worker's compensation claims for the year ended September 30, 2022, and \$194,044 in administrative and other charges. Estimated liability claims that have been incurred but not reported are accrued at year end. The estimated liability for worker's compensation claims is \$3,866,535 at September 30, 2022. The estimated liability claims are based upon historical claims experience as well as expected known claims.

The following is a walkforward of the activity in the estimated liability account for the years ended September 30, 2020, 2021 and 2022:

	Accrued Liability Beginning of Year	Claims Expense	Payments	Accrued Liability End of Year
Estimated liability claims:				
2020	\$ 3,413,535	\$ 2,124,170	\$ 1,264,823	\$ 4,272,882
2021	4,272,882	1,408,382	1,416,397	4,264,867
2022	4,264,867	839,810	1,238,142	3,866,535

Summary

The Self-Insurance Fund net position was \$1,869,477 at September 30, 2022.

There were no significant reductions in insurance coverage from coverage in the previous year. The amounts of settlements incurred during the year were covered by available self-insurance funds under stop loss limits and deductibles and insurance coverage above the stop loss limits and deductibles. There were no settlements which exceeded the maximum insurance coverage in the past three years.

NOTE 13: DEFICITS IN FUND BALANCE / NET POSITION

At September 30, 2022, the following funds of the City had deficit balances:

Special Revenue Funds:	
HOME	(\$3,148)
Transportation Planning	(\$40)

Funds were available from other sources; therefore no adverse effect to the Special Revenue fund is anticipated.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances in the fund financial statements, specifically the due to and due from other funds, are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. Interfund balances, specifically advances to and from other funds, are longer-term loans to cover Council directed internal financing of certain projects. The following amounts of due to other funds or due from other funds are included in the fund financial statements:

	Due From Other Funds	Due To Other Funds
General Fund:		
Major Governmental Fund	\$ 25,400	\$ -
Nonmajor Governmental Funds	2,508,655	-
Major Enterprise Fund	5,475	-
Nonmajor Enterprise Fund	2,965,288	-
Total General Fund	5,504,818	-
Major Governmental Fund		
General Fund	-	25,400
Total Major Governmental Funds	-	25,400
Nonmajor Governmental Funds:		
General Fund	-	2,508,655
Total Nonmajor Governmental Funds	-	2,508,655
Enterprise Funds		
Major Enterprise Fund		
General Fund	-	5,475
Total Major Enterprise Funds	-	5,475
Nonmajor Enterprise Funds:		
General Fund	-	2,965,288
Total Nonmajor Enterprise Funds	-	2,965,288
Total Enterprise Funds	-	2,970,763
Total All Funds	\$ 5,504,818	\$ 5,504,818

NOTE 15: INTERFUND TRANSFERS

Interfund transfers relate to the funding of deficits by the general fund to the health services fund, transportation planning fund, transit fund, self-insurance fund, and excess amounts to the general fund from the solid waste services fund. Transfers were also made 1) from the general fund to fund several capital projects and 2) from the water fund (capital assets) to the internal service fund. The matching requirements for various grants are also transferred to the related project fund. The airport fund also received \$3,090,483 capital improvements from the capital project fund. Transfers for the year ended September 30, 2022 are as follows:

	Transfer In	Transfer Out
General Fund:		
Capital Project Fund	\$ -	\$ 10,639,062
Nonmajor Governmental Funds	1,357,823	2,696,440
Water Enterprise Fund	-	85,164
Airport Enterprise Fund	-	13,918
Solid Waste Enterprise Fund	2,500,000	34,010
Nonmajor Enterprise Fund	-	1,721,094
Internal Service Fund	-	650,507
Total General Fund	3,857,823	15,840,195
Capital Project Fund		
General Fund	10,639,062	-
Capital Project Fund	2,888,088	2,888,088
Nonmajor Governmental Funds	8,206,871	523
Water Enterprise Fund	485,449	6,294
Solid Waste Enterprise Fund	-	194
Nonmajor Enterprise Fund	21,524	1,356
Internal Service Funds	126,728	56,375
Total Capital Project Fund	22,367,722	2,952,830
Nonmajor Governmental Funds:		
General Fund	2,696,440	1,357,823
Capital Project Fund	523	8,206,871
Solid Waste Enterprise Fund	29,210	-
Airport Enterprise Fund	471,155	-
Total Nonmajor Governmental Funds	3,197,328	9,564,694
Enterprise Funds		
Water Enterprise Fund		
General Fund	85,164	-
Capital Project Fund	6,294	485,449
Internal Service Funds	-	462,227
Airport Enterprise Fund		
General Fund	13,918	-
Nonmajor Governmental Funds	-	471,155
Solid Waste Enterprise Fund		
General Fund	34,010	2,500,000
Capital Project Fund	194	-
Nonmajor Governmental Funds:	-	29,210
Internal Service Funds	-	756,802
Nonmajor Enterprise Funds:		
General Fund	1,721,094	-
Capital Project Fund	1,356	21,524
Internal Service Funds	-	32,054
Total Enterprise Funds	1,862,030	4,758,421
Internal Service Funds:		
General Fund	650,507	-
Capital Project Funds	56,375	126,728
Water Enterprise Fund	1,219,029	-
Nonmajor Enterprise Funds:	32,054	-
Total Internal Service Funds	1,957,965	126,728
Total All Funds	\$ 33,242,868	\$ 33,242,868

NOTE 16: LITIGATION

At September 30, 2022, the City is involved in various lawsuits pending against the City. These lawsuits generally involve claims relating to general liability, automobile liability, civil rights actions and various contractual matters. Any settlements arising out of these lawsuits will be paid from the Self-Insurance Fund. In the opinion of management, any liabilities resulting from such suits would not have a material adverse effect on the City's financial statements.

NOTE 17: DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES**Development Corporation of Abilene (DCOA)**Significant Accounting Policies

The Development Corporation of Abilene (DCOA), which is a discretely presented component unit of the City, is presented on the accrual basis of accounting in the government-wide financial statements.

DCOA's cash balances consist solely of demand deposits.

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

Buildings and improvements	30-50 years
Machinery and equipment	3-15 years
Improvements other than buildings	10-30 years

DCOA had nine employees as of September 30, 2022. DCOA has an agreement with the City to manage and account for the pension expenses related to their involvement in the Texas Municipal Retirement System (TMRS) and employee healthcare benefits (group health vision, dental, FSA/HSA, etc.)

Cash and Cash Equivalents

Cash and cash equivalents at September 30, 2022 include demand deposits and money markets in DCOA's name. Demand deposits and money markets of \$18,370,146 with a book value of \$17,908,806 in DCOA's name are entirely covered by FDIC insurance and pledged collateral held by DCOA's agent.

Investment

Investments at September 30, 2022 include U.S. Treasury Securities in the amount of \$13,624,524. These securities are classified as Level 1 in the valuation hierarchy.

Accounts Receivable

Receivable at September 30, 2022 including applicable allowances for uncollectible accounts, consist of the following:

Receivables:	
Sales tax	\$ 2,613,127
Accrued interest	81,280
Notes receivable	20,324,743
Other	178,155
Gross receivables	<u>23,197,305</u>
Less allowance for doubtful accounts	<u>(2,107,089)</u>
Net total receivables	<u>\$ 21,090,216</u>

Lease Receivable

DCOA leases a portion of its property to various companies and businesses who use the space to conduct their operations, the terms of which expire 2023 through 2047. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. DCOA recognized \$1,676,320 in lease revenue and \$233,831 in interest revenue during the current fiscal year related to these leases. As of September 30, 2022, DCOA receivable for lease payments was \$26,120,456. Also, DCOA has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2022, the balance of the deferred inflow of resources was \$26,023,174.

DCOA recognized lease revenue of approximately \$400,000 as of September 30, 2022 for variable payments not previously included in the measurement of the lease receivable.

The following is a schedule by year of minimum payments to be received under DCOA's leases that are included in the measurement of the lease receivable as of September 30, 2022:

Fiscal Year	Principal	Interest	Total
2023	\$ 2,687,179	\$ 384,155	\$ 3,071,334
2024	2,027,105	350,145	2,377,250
2025	2,090,971	320,278	2,411,249
2026	2,128,463	289,586	2,418,049
2027	2,173,520	258,102	2,431,622
2028-2032	10,898,092	798,886	11,696,978
2033-2037	1,339,480	346,769	1,686,249
2038-2042	1,480,232	206,018	1,686,250
2042-2047	1,295,414	53,586	1,349,000
	<u>\$ 26,120,456</u>	<u>\$ 3,007,525</u>	<u>\$ 29,127,981</u>

GASB No. 87 Excluded Leases – Regulated

In accordance with GASB No. 87, DCOA does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and aeronautical users. Regulated leases include hangars and space in the terminal building, as well as land leases used for aeronautical purposes. The revenue recognized for these leases during the year ended September 30, 2022 was \$226,032.

Future minimum lease payments for regulated leases are as follows:

Fiscal Year	Amount
2023	\$ 75,307
	<u>\$ 75,307</u>

Capital Assets

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

	Balance September 30, 2021	Additions/ Completions	Decreases/ Transfers	Balance September 30, 2022
Capital assets, not being depreciated:				
Land	\$ 2,715,873	\$ -	\$ -	\$ 2,715,873
Construction in Progress	511,906	572,190	(1,043,384)	40,712
Total capital assets, not being depreciated	<u>3,227,779</u>	<u>572,190</u>	<u>(1,043,384)</u>	<u>2,756,585</u>
Capital assets, being depreciated:				
Buildings and improvements	25,230,356	-	-	25,230,356
Improvements other than buildings	20,890,020	-	1,043,384	21,933,404
Machinery and equipment	7,264	-	-	7,264
Vehicles	70,862	-	-	70,862
Total assets being depreciated	<u>46,198,502</u>	<u>-</u>	<u>1,043,384</u>	<u>47,241,886</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,834,343)	(642,077)	-	(9,476,420)
Improvements other than buildings	(5,227,869)	(769,363)	-	(5,997,232)
Machinery and equipment	(5,085)	(1,453)	-	(6,538)
Vehicles	(47,931)	(9,173)	-	(57,104)
Total accumulated depreciation	<u>(14,115,228)</u>	<u>(1,422,066)</u>	<u>-</u>	<u>(15,537,294)</u>
Total capital assets being depreciated, net	<u>32,083,274</u>	<u>(1,422,066)</u>	<u>1,043,384</u>	<u>31,704,592</u>
Capital assets, net	<u>\$ 35,311,053</u>	<u>\$ (849,876)</u>	<u>\$ -</u>	<u>\$ 34,461,177</u>

Depreciation expense for the fiscal year ending September 30, 2022 totaled \$1,422,066.

Long-term liabilities

The following is a summary of DCOA's changes in long-term liabilities for the year ended September 30, 2022:

	Balance at September 30, 2021	Additions	Retirements	Balance at September 30, 2022	Due within one year
Governmental Activities:					
Compensated absences	\$ 90,537	\$ 53,149	\$ (66,335)	\$ 77,351	\$ 7,735
Total Governmental Activities	<u>\$ 90,537</u>	<u>\$ 53,149</u>	<u>\$ (66,335)</u>	<u>\$ 77,351</u>	<u>\$ 7,735</u>

Commitments

The following is a summary of DCOA's commitments at September 30, 2022:

Project	Balance Committed
Eagle Aviation Service Inc. De-Fuel Truck	\$ 11,910
Lancium	2,500,000
Texas State Technical College New Abilene Campus	2,220,400
Marigold and Fulwiler Street Upgrade	3,706,438
City Street Maintenance Fund	3,541,850
ACU Next Lab	2,930,000
Hendrick Medical Center	1,540,000
Access Great Lakes Cheese Development	640,347
Great Lakes Cheese - Job Creation	22,000,000
United Ag & Turf (formerly Quality Implement)	250,000
Defense Economic Adjustment Assistance Grant - Dyess Security Center	9,292
Economic Development Operating Division	672,253
	<u>\$ 40,022,490</u>

ABILENE CONVENTION CENTER HOTEL DEVELOPMENT CORPORATION (ACCHDC)

Significant Accounting Policies

The Abilene Convention Center Hotel Development Corporation (ACCHDC), which is a discretely presented component unit of the City, is presented on the accrual basis of accounting in the government-wide financial statements.

Cash Equivalents and Investments

For purposes of the statement of cash flow, ACCHDC considers cash on hand, cash in banks, money market mutual funds, and investments with original maturities of three months or less to be cash equivalents.

The investments of ACCHDC are governed by the Texas Public Funds Investment Act, City of Abilene investment policy, and the bond indenture. In accordance with this policy, ACCHDC may invest in obligations of or guaranteed by the United States government and its agencies and instrumentalities with a readily determinable market value, fully collateralized certificates of deposit, local government investment pools, and no-load money market mutual funds, all of which are authorized by state law.

The money market fund is measured using the amortized cost method of valuation to transact at a \$1.00 share price with the net asset value of the fund normally expected to be \$1 per share.

The ACCHDC maintained the following cash equivalents and investments balances at September 30, 2022:

Investment Type	Value	Weighted Average Maturity (Years)
Cash in bank	\$ 40,925	-
First American Government Obligation Fund Class X (money market mutual fund)	31,240,031	0.05
Total cash equivalents and investments	<u>\$31,280,956</u>	
Portfolio weighted average maturity in years:		0.05

Interest Rate Risk and Concentration Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. In accordance with the bond indenture, funds are held in trust with U.S. Bank and invested as directed by ACCHDC. Funds are invested in permitted investments maturing no later than the date required for their specified purpose.

The percentage of each individual investment in total investment assets are stated below.

Investment Type	Value	% of Total Portfolio
First American Government Obligation Fund Class X (money market mutual fund)	\$31,240,031	100%
Total investments	\$31,240,031	100%

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. This type of risk is typically expressed in terms of credit ratings issued by a nationally recognized statistical rating organization. The ACCHDC reduces credit risk by limiting investments to those instruments allowed by the Texas Public Funds Investment, City of Abilene investment policy, and the bond indenture. The First American Government Obligation Fund Class X held a credit rating of AAAM by Standard & Poor's as of September 30, 2022.

Custodial Credit Risk

The ACCHDC's demand deposits had a carrying value of \$40,925 at year end and are entirely covered by FDIC insurance and pledged collateral held in ACCHDC's name by the agent. Obligations that may be pledged as collateral are as follows:

1. Obligations of the U.S. or its agencies and instrumentalities.
2. Direct obligations of the state, agencies, counties, cities and other political subdivisions of the state of Texas rated as to investment quality by a nationally recognized investment firm not less than A or its equivalent.

Restricted Assets

Certain proceeds of hotel revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position due to their use being limited by applicable bond covenants.

Bond Premiums

Bond premiums are included in the carrying amount of the bonds, and amortized as a component of interest expense over the applicable term of the bonds using the effective interest method.

Capital Assets

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

	Balance September 30, 2021	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2022
Capital assets, not being depreciated:				
Construction in Progress	\$ 3,021,416	\$ 20,493,586	\$ -	\$ 23,515,002
Total capital assets, not being depreciated	3,021,416	20,493,586	-	23,515,002
Capital assets, net	\$ 3,021,416	\$ 20,493,586	\$ -	\$ 23,515,002

Long-Term Debt

The changes in the ACCHDC long-term liabilities for the year ending September 30, 2022 are as follows:

	Restated balance at September 30, 2021	Additions	Retirements	Balance at September 30, 2022	Due Within One Year
Hotel Revenue Bonds	\$ 43,045,000	\$ -	\$ -	\$ 43,045,000	\$ -
Note Payable	2,520,000	-	-	2,520,000	-
Bond Premiums	2,862,877	-	95,429	2,767,448	-
Total Long-term Debt	\$ 48,427,877	\$ -	\$ 95,429	\$ 48,332,448	\$ -

On November 7, 2019 the ACCHDC entered into an economic development agreement with the City of Abilene. Under the terms of the agreement, the City agreed to provide a cash contribution in an amount of \$2,520,000 to be used by ACCHDC for payment of its portion of the development

phase of the downtown convention center hotel project. When all of ACCHDC's bond issuance obligations have been repaid, ACCHDC will repay the City, from its net operating income the \$2,520,000 contribution.

On September 23, 2021, the ACCHDC issued its \$19,435,000 First-Lien Hotel Revenue Bonds, Series 2021A and \$23,610,000 Second-Lien Hotel Revenue Bonds, Series 2021B. The proceeds for the Series 2021 Bonds, together with other sources of funds, including the Hotel Equity Contribution will be used to (a) finance the costs required to design, develop, construct, equip, furnish and open a full-service upscale hotel, having approximately 200 rooms to include guestrooms and suites, appropriate support facilities such as a restaurant(s), a lounge(s), or bar(s), supporting back-of-the-house areas, and food preparation facilities (to the extent not constructed as City facilities), together with such other amenities and features characteristic of a full-service convention center hotel (the "Hotel"); (b) fund capitalized interest (which is intended to cover the period commencing with the date of issuance of the Series 2021 Bonds through six months following the Opening Date of the project); (c) fund debt service reserve funds for the Series 2021 Bonds; (d) fund certain pre-opening expenses; and (e) pay certain costs of issuing the Series 2021 Bonds. The City facilities will be funded with the proceeds of certificates of obligation (secured by the City's ad valorem tax revenues) issued by the City, the City Facilities Equity Contribution, and other available funds of the City.

The following is a schedule of Hotel Revenue Bonds outstanding as of September 30, 2022:

	Date of Issue	Amount of Original Issue	True Interest Cost	Maturity and Option Dates	Amount Outstanding 9/30/21
Hotel Revenue Bond, Series 2021A First-Lien Bonds	09/23/2021	\$ 19,435,000	3.463398%	10-1-50/31	\$ 19,435,000
Hotel Revenue Bond, Series 2021B Second-Lien Bonds	09/23/2021	23,610,000	4.711933%	10-1-50/31	23,610,000
					<u>\$ 43,045,000</u>

The future maturities of the bond principal and interest requirements as of September 30, 2022 are as follows:

Fiscal Year Ended September 30	Principal	Interest	Total Requirement
2023	\$ -	\$ 1,872,775	\$ 1,872,775
2024	-	1,872,775	1,872,775
2025	205,000	1,870,212	2,075,212
2026	730,000	1,856,213	2,586,213
2027	750,000	1,832,994	2,582,994
2028 - 2032	4,510,000	8,766,844	13,276,844
2033 - 2037	6,080,000	7,740,200	13,820,200
2038 - 2042	8,295,000	6,116,775	14,411,775
2043 - 2047	11,090,000	3,921,700	15,011,700
2048 - 2052	11,385,000	1,075,675	12,460,675
	<u>\$ 43,045,000</u>	<u>\$ 36,926,163</u>	<u>\$ 79,971,163</u>

Commitments

As of September 30, 2022, the Abilene Convention Center Hotel Development Corporation had outstanding commitments of \$19,976,020 for its portion of the construction phase of the downtown convention center hotel project.

Prior period adjustment

Subsequent to the issuance of the September 30, 2021 financial statements, an error was identified relating to the agreement with the City for cash contributions for the payment of ACCHDC's portion of the development phase of the downtown convention center hotel project. According to the agreement, the contribution of \$2,520,000 is to be repaid to the City from ACCHDC's net operating income when all of its bond issuance obligations have been repaid. To correct the error, the beginning net position has been restated:

	September 30, 2021 as previously reported	Adjustment	September 30, 2021 as restated
Net Position	<u>\$9,184,835</u>	<u>(\$2,520,000)</u>	<u>\$6,664,835</u>

The 2021 financial statements of ACCHDC reported a change in net position of \$7,682,500 but it should have been \$5,162,500.

NOTE 18: COMMITMENTS AND CONTINGENCIES

Federally Assisted Programs - Compliance Audits

The City participates in numerous federally-assisted programs, on both a direct and state pass-through basis, as well as on a service-provider basis. Principal among these grants are Community Development Block Grants, Home Investment Partnership, Health Services, Airport Improvements, Emergency Management and Transportation Grants. In connection with these grants, the City is required to comply with specific terms and agreements as well as applicable Federal and State laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives. In the opinion of management, the City has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of any disallowance of claimed expenditures, the City expects the resulting liability to be immaterial.

Encumbrances

As discussed in Note 2, Stewardship, Compliance and Accountability, budgetary control for budgetary purposes includes the impact of encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. At September 30, 2022, there were outstanding encumbrances in the General fund of \$684,169.

Construction Commitments

The City has active construction and information technology projects at fiscal year end. The key projects in progress include improvements to transportation infrastructure, water and wastewater systems, park system, city facilities and the downtown convention center development.

At fiscal year end, the City's commitments with contractors and vendors are as follows:

Capital Projects	Spent-to-date	Remaining Commitments
Governmental Activities:		
Public safety	\$ 71,232	\$ 1,289,765
Streets and traffic	5,587,552	3,669,110
Public recreation and cultures	1,419,742	4,314,095
Building improvements	3,602,194	1,201,395
Downtown convention center development	16,222,258	12,935,380
Software	279,986	1,278,598
Business-Type Activities:		
Water and Sewer	15,339,163	27,148,654
Airport construction	1,745,012	325,250
Total	<u>\$ 44,267,139</u>	<u>\$ 52,162,247</u>

These commitments will be funded through unspent bond proceeds, capital grants and unrestricted cash.

NOTE 19: NEW PRONOUNCEMENTS

The GASB has issued the following statements which will become effective in future years.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for financial statements that ends June 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for financial statements starting with the fiscal year that ends June 30, 2023.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – Amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement are effective for financial statement for fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

The City will fully analyze the impact of these new Statements prior to the effective dates for the Statements listed above.

NOTE 20: RESTATEMENT OF PREVIOUSLY REPORTED NET POSITION AND FUND BALANCE

Change in Reporting Entity

Previously, the City presented the airport as part of the general fund. On October 1, 2021, management took the position that the airport should cover its operating costs with charges to customers and related operating grants and should be treated as a business type activity going forward. The previously reported fund balance / net position of the airport as of September 30, 2021 was moved into the net position of a stand-alone enterprise fund and the net position of the government-wide business type activities. The effect of these changes made to the accompanying balance sheet and statement of net position (government-wide and fund financial statements) as of September 30, 2021 is presented below.

The effect of the above item on to the accompanying balance sheet, statements of net position (government-wide and fund financial statements) and cash flows as of September 30, 2021 is presented below.

	September 30, 2021 previously reported	Adjustments for Change in Reporting Entity	September 30, 2021 as restated
Government-wide			
Net Position			
Governmental Activities	\$ 233,640,724	\$ (78,816,074)	\$ 154,824,650
Business-Type Activities	236,918,877	78,816,074	315,734,951
	<u>\$ 470,559,601</u>	<u>\$ -</u>	<u>\$ 470,559,601</u>
Governmental Funds			
Fund Balance			
General Fund	\$ 35,983,580	\$ -	\$ 35,983,580
Capital Project Fund	61,572,631	(2,924,064)	58,648,567
Nonmajor governmental funds	11,492,270	-	11,492,270
Total Government Funds	<u>\$ 109,048,481</u>	<u>\$ (2,924,064)</u>	<u>\$ 106,124,417</u>
Enterprise Funds			
Net Position			
Water and Sewer	\$ 228,340,222	\$ -	\$ 228,340,222
Airport	-	78,816,074	78,816,074
Solid Waste	6,179,049	-	6,179,049
Nonmajor enterprise funds	3,779,384	-	3,779,384
Total Enterprise Funds	<u>\$ 238,298,655</u>	<u>\$ 78,816,074</u>	<u>\$ 317,114,729</u>
Enterprise Funds			
Cash and Cash Equivalents			
Water and Sewer	\$ 62,856,405	\$ -	\$ 62,856,405
Airport	-	3,002,295	3,002,295
Solid Waste	4,679,172	-	4,679,172
Nonmajor enterprise funds	1,805,756	-	1,805,756
Total Enterprise Funds	<u>\$ 69,341,333</u>	<u>\$ 3,002,295</u>	<u>\$ 72,343,628</u>



APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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Proposed Form of Opinion of Bond Counsel

*An opinion in substantially the following form will be delivered by McCall,
Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the
Bonds, assuming no material changes in facts or law.*

**CITY OF ABILENE, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2023
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____**

AS BOND COUNSEL FOR THE CITY OF ABILENE, TEXAS (the “Issuer”) in connection with the issuance of the bonds described above (the “Bonds”), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (the “Ordinance”).

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including the executed Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued, and delivered in accordance with law; and that the Bonds, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors’ rights generally or by general principles of equity and sovereign immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Ordinance.

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

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



WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

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

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

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

Respectfully,

Proposed Form of Opinion of Bond Counsel

*An opinion in substantially the following form will be delivered by McCall,
Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the
Certificates of Obligation, assuming no material changes in facts or law.*

**CITY OF ABILENE, TEXAS
COMBINATION TAX AND LIMITED SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2023
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____**

AS BOND COUNSEL FOR THE CITY OF ABILENE, TEXAS (the “Issuer”) in connection with the issuance of the certificates of obligation described above (the “Certificates”), we have examined into the legality and validity of the Certificates, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Certificates. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Certificates (the “Ordinance”).

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including the executed Certificates.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued, and delivered in accordance with law; and that the Certificates, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors’ rights generally or by general principles of equity and sovereign immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from limited surplus revenues of the Issuer’s waterworks and sewer system, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer’s revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the Issuer’s waterworks and sewer system, as provided in the Ordinance.

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



determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

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

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions 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 exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials



of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

Respectfully,

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Financial Advisory Services
Provided By



Ordinance - Authorizing the Issuance of General Obligation Bonds, Series 2023 for Construction of New Fire Station #9





Issuance of General Obligation Bonds, Series 2023 for Construction of New Fire Station #9

- The ordinance will authorize the sale of \$8,000,000 of general obligation bonds as part of the 2022 voter approved bond referendum.
- Proceeds of the sale will be used for the construction of new Fire Station #9 on the south side of town.
- Debt Service on these bonds will be funded by ad-valorem tax.





**City Council
Agenda Memo**

City Council Meeting Date: 4/27/2023

TO: Honorable Mayor and City Council Members

FROM: Stanley Smith, City Attorney

SUBJECT: 15. The City Council of the City of Abilene reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed below, as authorized by the noted Texas Government Code Sections:

GENERAL INFORMATION

The City Council of the City of Abilene reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed below, as authorized by the noted Texas Government Code Sections:

A. 551.071 (Consultation with Attorney)

1. Robert Steven Reitz v. City of Abilene, Texas, et al., Case No. 1:16-cv-00181-BL; In the U.S. District Court, Northern District of Texas, Abilene Division, filed October 10, 2016
2. City of Abilene v. 3118 South 22nd Street, Abilene, Texas, et al.; Cause No. 11968-D, In the 350th Judicial District Court, Taylor County, Texas; filed October 11, 2019
3. The City of Abilene, Texas v. Ken Paxton, Attorney General of Texas; Cause No. D-1-GN-20-004598, In the 53rd Judicial District Court, Travis County, Texas; filed September 1, 2020
4. Sharra Sampson v. City of Abilene; Cause No. 8144-B, In the 104th Judicial District Court, Taylor County, Texas; filed September 14, 2020
5. The City of Abilene, Texas v. Ken Paxton, Attorney General of Texas; Cause No. D-1-GN-20-007028, In the 459th Judicial District Court, Travis County, Texas; filed November 18, 2020
6. Alton H. Smith, Jr. and Alicia Malorie Smith v. City of Abilene, Texas; Cause No. 51055-A, In the 42nd Judicial District Court, Taylor County, Texas; filed March 11, 2021
7. Steve Van Horne, et al. v. City of Abilene, et al.; Cause No. 12530-D, In the 350th Judicial District Court, Taylor County, Texas; filed September 7, 2021
8. The City of Abilene, Texas v. Ken Paxton, Attorney General of Texas; Cause No. D-1-GN-21-006299, In the 250th Judicial District Court, Travis County, Texas; filed October 20, 2021

B. 551.072 (Deliberations about Real Property)

1. Solar Project at Hamby WRF

C. 551.073 (Deliberations about Gifts and Donations)

D. 551.074 (Personnel Matters)

1. City Council may consider appointment, employment, compensation, reassignment, duties, discipline, or dismissal of public officers or employees, City Manager, City Attorney, Municipal Court Judge, City Secretary, and City Board and Commission Members
2. City of Abilene Boards and Commissions may be discussed, as needed for (re)appointment

E. 551.076 (Deliberations about Security Devices)

F.551.087 (Business Prospect/Economic Development)

SPECIAL CONSIDERATIONS

FUNDING/FISCAL IMPACT

STAFF RECOMMENDATION

BOARD OR COMMISSION RECOMMENDATION

ATTACHMENTS:

None