

OFFICIAL STATEMENT

Dated April 18, 2018

Ratings:

Fitch: AAA"

S&P: "AAA"

(See "OTHER INFORMATION-
Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations.

THE BONDS ARE NOT DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.



\$77,915,000
CITY OF PLANO, TEXAS
(Collin and Denton Counties)
GENERAL OBLIGATION BONDS, SERIES 2018

Dated Date: April 15, 2018
Interest to accrue from Delivery Date

Due: September 1, as shown below

PAYMENT TERMS . . . Interest on the \$77,915,000 City of Plano, Texas, General Obligation Bonds, Series 2018 (the "Bonds") will accrue from the Delivery Date (as defined below), will be payable March 1 and September 1 of each year, commencing March 1, 2019, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof within a maturity. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE BONDS - 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 Chapters 1371 and 1331, Texas Government Code, as amended, elections held in the City on May 9, 2009, May 11, 2013, and May 6, 2017 and Section 9.22 of the City's Home Rule Charter, and a bond ordinance passed by the City Council of the City of Plano, Texas (the "City") on March 26, 2018 (the "Bond Authorization"), in which the City Council delegated pricing of the Bonds and certain other matters to "Pricing Officers" who approved a "Pricing Certificate" for the Bonds which contained the final terms of sale and completed the sale of the Bonds (the Bond Authorization and the Pricing Certificate are jointly referred to as the "Bond Ordinance"). The Bonds 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 Bond Ordinance (see "THE BONDS - Authority for Issuance" and "THE BONDS - Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used (i) for various permanent public improvements and public purposes, including recreation center facilities, libraries, parks, fire and public safety facilities, and street improvements, and (ii) for payment of professional services of attorneys, financial advisors and other professionals in connection with the projects and the issuance of the Bonds.

MATURITY SCHEDULE

CUSIP Prefix ⁽¹⁾: 727177

Maturity (9/1)	Principal Amount	Interest Rate	Price or Yield	CUSIP Suffix ⁽¹⁾	Maturity (9/1)	Principal Amount	Interest Rate	Price or Yield	CUSIP Suffix ⁽¹⁾
2019	\$ 1,755,000	4.000%	1.740%	VS3	2029	\$ 4,055,000	4.000%	2.720% ⁽²⁾	WC7
2020	2,685,000	4.000%	1.830%	VT1	2030	4,210,000	3.000%	2.850% ⁽²⁾	WD5
2021	2,800,000	4.000%	1.970%	VU8	2031	4,335,000	3.000%	2.900% ⁽²⁾	WE3
2022	2,915,000	5.000%	2.080%	VV6	2032	4,470,000	3.000%	3.000%	WF0
2023	3,060,000	5.000%	2.200%	VW4	2033	4,600,000	3.100%	3.100%	WG8
2024	3,205,000	5.000%	2.280%	VX2	2034	4,735,000	3.200%	3.200%	WH6
2025	3,370,000	5.000%	2.360%	VY0	2035	4,900,000	3.280%	3.280%	WJ2
2026	3,530,000	5.000%	2.430%	VZ7	2036	5,055,000	3.340%	3.340%	WK9
2027	3,715,000	5.000%	2.490% ⁽²⁾	WA1	2037	5,225,000	3.370%	3.370%	WL7
2028	3,900,000	4.000%	2.620% ⁽²⁾	WB9	2038	5,395,000	3.250%	\$98.00	WM5

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence 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 Financial Advisor or the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(2) Yield shown to first optional redemption date of March 1, 2027.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see Appendix B, "Forms of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on May 15, 2018 (the "Delivery Date").

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.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. 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 herein. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

NEITHER THE CITY, ITS FINANCIAL ADVISOR, NOR THE INITIAL PURCHASER OF THE BONDS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM.

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

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

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

OFFICIAL STATEMENT SUMMARY

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

- THE CITY**..... The City of Plano, Texas (the "City"), is a political subdivision and home-rule municipal corporation of the State of Texas (the "State"), located in Collin and Denton Counties, Texas. The City covers approximately 72 square miles (see "INTRODUCTION - Description of City").
- THE BONDS**..... The City's \$77,915,000 General Obligation Bonds, Series 2018 (the "Bonds") are scheduled to mature on September 1 in the years 2019 through 2038 (see "THE BONDS - Description of the Bonds").
- PAYMENT OF INTEREST** Interest on the Bonds accrues from the Delivery Date, calculated on the basis of a 360-day year consisting of twelve 30-day months, and is payable March 1, 2019, and each September 1 and March 1 thereafter until maturity or prior redemption (see "THE BONDS - Description of The Bonds "and "THE BONDS – Optional Redemption").
- AUTHORITY FOR ISSUANCE**..... The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapters 1371 and 1331, Texas Government Code, as amended, elections held in the City on May 9, 2009, May 11, 2013, and May 6, 2017 and Section 9.22 of the City's Home Rule Charter, and a bond ordinance passed by the City Council of the City of Plano, Texas (the "City") on March 26, 2018 (the "Bond Authorization"), in which the City Council delegated pricing of the Bonds and certain other matters to "Pricing Officers" who approved a "Pricing Certificate" for the Bonds which contained the final terms of sale and completed the sale of the Bonds (the Bond Authorization and the Pricing Certificate are jointly referred to as the "Bond Ordinance") (see "THE BONDS - Authority for Issuance").
- SECURITY FOR THE BONDS** The Bonds constitute direct and voted obligations of the City, payable from a direct and continuing annual ad valorem tax levied, within the limit prescribed by law, on all taxable property located within the City (see "THE BONDS - Security and Source of Payment").
- OPTIONAL REDEMPTION** The City reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").
- TAX EXEMPTION** In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters" herein, including a description of the alternative minimum tax consequences for corporations.
- USE OF PROCEEDS** Proceeds from the sale of the Bonds will be used (i) for various permanent public improvements and public purposes, including recreation center facilities, libraries, parks, fire and public safety facilities, and street improvements, and (ii) for payment of professional services of attorneys, financial advisors and other professionals in connection with the projects and the issuance of the Bonds.
- RATINGS** The presently outstanding tax-supported debt of the City is rated by Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings ("Fitch"), and S&P Global Ratings ("S&P"), a division of S&P Global Inc. The Bonds being issued are rated "AAA" by Fitch and "AAA" by S&P, in each case without regard to credit enhancement (see "OTHER INFORMATION - Ratings"). No rating is being sought from Moody's.

BOOK-ENTRY-ONLY SYSTEM..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD The City has never defaulted on the payment of its tax-supported indebtedness.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	Total Tax Supported Debt	Per Capita Tax Supported Debt	Ratio of Tax Supported Debt	
						to Taxable Assessed Valuation	% of Total Tax Collections
2014	270,100	\$ 26,925,173,431	\$ 99,686	\$ 303,065,000	\$ 1,122	1.13%	100.20%
2015	273,600	28,832,885,675	105,383	300,470,000	1,098	1.04%	100.77%
2016	276,700	31,280,010,953	113,047	302,590,000	1,094	0.97%	101.64%
2017	279,100	34,352,527,039	123,083	327,935,000	1,175	0.95%	100.70%
2018	279,700	39,066,059,755	139,671	377,085,000 ⁽³⁾	1,348	0.97%	95.59% ⁽⁴⁾

(1) Source: City of Plano.

(2) As reported by the Appraisal District (defined herein) and City's Budget Office.

(3) Projected, includes the Bonds.

(4) Collections as of March 1, 2018.

For additional information regarding the City, please contact:

Denise Tacke Director of Finance City of Plano P.O. Box 860358 Plano, TX 75086 (972) 941-5233	or	Laura Alexander Adam LanCarte Hilltop Securities Inc. 777 Main Street, Suite 1200 Fort Worth, TX 76102 (817) 332-9710
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CITY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Term Expires</u>
Harry LaRosiliere Mayor, Place 6	May, 2021
Rick Grady Mayor Pro Tem, Place 3	May, 2019
Ron Kelley Deputy Mayor Pro Tem, Place 5	May, 2019
Angela Miner Councilmember, Place 1	May, 2019
Anthony Ricciardelli Councilmember, Place 2	May, 2021
Kayci Prince Councilmember, Place 4	May, 2021
Tom Harrison Councilmember, Place 7	May, 2019
Rick Smith Councilmember, Place 8	May, 2021

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>	<u>Total Governmental Service</u>
Bruce D. Glasscock	City Manager	7 Years	49 Years
Lisa C. Henderson	City Secretary	4 Years	15 Years
Denise Tacke	Director of Finance	10 Years	18 Years
Paige Mims	City Attorney	4 Years	22 Years

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

Auditors	Weaver and Tidwell LLP Dallas, Texas
Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Financial Advisor	Hilltop Securities Inc. Fort Worth, Texas

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OFFICIAL STATEMENT
RELATING TO
\$77,915,000
CITY OF PLANO, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2018

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$77,915,000 City of Plano, Texas, General Obligation Bonds, Series 2018 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Authorization that was adopted by the City Council on March 26, 2018 in which the City delegated the pricing of the Bonds and certain other matters to designated officers (the "Pricing Officers") of the City to establish the terms and details of the Bonds and to effect the sale of the Bonds through the Pricing Officers' execution of a "Pricing Certificate" (the Bond Authorization and the Pricing Certificate are jointly referred to as the "Bond Ordinance").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc. ("HilltopSecurities"), Fort Worth, Texas.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "OTHER INFORMATION – Forward-Looking Statements Disclaimer").

DESCRIPTION OF THE CITY . . . The City is a political subdivision and home rule municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City first adopted its Charter on June 10, 1961, and operates under the Council/Manager form of government with a City Council comprised of the Mayor and seven Council Members. At an election held on November 8, 2011, City of Plano voters approved a charter amendment revising Council Member terms of office to four years and establishing staggered, odd-numbered year elections. Council Members in office at the time of the election were held over. The Mayor and three other Council Members' terms expire in 2021 and the other four Council Members' terms expire in 2019. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: police, fire and emergency medical services, including all facilities, equipment and personnel, highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2010 Census population of the City was 259,841 and the City's estimated 2018 population is 279,700. The City covers approximately 72 square miles.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used (i) for various permanent public improvements and public purposes, including recreation center facilities, libraries, parks, fire and public safety facilities, and street improvements, and (ii) for payment of professional services of attorneys, financial advisors and other professionals in connection with the projects and the issuance of the Bonds.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated April 15, 2018, and mature on September 1 in each of the years and in the amounts shown on the cover page hereof. Interest will accrue from the date of their initial delivery will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1 of each year, commencing March 1, 2019, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapters 1371 and 1331, Texas Government Code, as amended, elections held in the City on May 9, 2009, May 11, 2013, and May 6, 2017 and Section 9.22 of the City's Home Rule Charter, and the Bond Ordinance. The Bonds 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 Bond Ordinance (see "THE BONDS – Security and Source of Payment").

SECURITY AND SOURCE OF PAYMENT . . . The principal of and interest on the Bonds are payable from a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City.

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 to provide for the operations of the City, including 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. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligations debt, as calculated at the time of issuance and based on a 90% tax collection factor.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Bonds having stated maturities on and after September 1, 2027 in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2027 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

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

With respect to any optional redemption of the Bonds, unless 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 may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City 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.

DEFEASANCE . . . The Bond Ordinance provides that the City may discharge its obligations to the registered owners of any or all of the Bonds, as applicable, to pay principal and interest thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Paying Agent/Registrar or other lawfully authorized entity a sum of money equal to the principal of and all interest to accrue on such Bonds to maturity or redemption (if applicable) or (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity amounts sufficient, together with the investments earnings thereon, to provide for the payment and/or redemption (if applicable) of such Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption (if applicable) of the Bonds, as the case may be.

If any of the Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for the payment to the registered owners of such Bonds at the date of maturity or prior redemption of the full amount to which such owner would be entitled and for giving notice of redemption as provided in the Bond Ordinance.

Under current State law, after such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

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

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

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

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

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

Redemption notices for the Bonds shall be sent to DTC. If less than all of the Bonds 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 Bonds 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City or the Financial Advisor.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Ordinance and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

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

PAYMENT . . . Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

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

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

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

REMEDIES . . . The Bond Ordinance does not specify events of default with respect to the Bonds. If the City defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Ordinance, or defaults in the observation or performance of any other covenants, conditions, or Bonds set for in the Bond Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Bond Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is governed by equitable principles, and within the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. No assurance can be given that a mandamus or other legal action to enforce a default under the Bond Ordinance would be successful. Some Texas case law suggests that mandamus relief may not be available to enforce a non-legislatively mandated contract. The opinion of Bond Counsel will state that all opinions relative to the enforceability of the Bonds are qualified with respect to customary rights of debtors relative to their creditors. See "APPENDIX B – Form of Bond Counsel's Opinion." The Bond Ordinance does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of the Bond 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) that the sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then, the Texas Supreme Court has 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, bondholders may not be able to bring such a suit against the City for breach of the Bonds or the covenants in the Bond Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the 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 or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Bond Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

TAX INFORMATION

AD VALOREM TAX LAW . . . Reference is made to Title I of the Texas Tax Code (the "Property Tax Code"), for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes. The appraisal of property within the City is the responsibility of the Collin and Denton Appraisal Districts (referred to herein together as the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code 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 the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the most recent market value of the residence homestead as determined by the appraisal entity, or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Article VIII, Section 1-b, and State law, the governing body of a political subdivision, at its option, may grant: (1) an exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; (2) an exemption of not less than \$5,000 and up to 20% of the market value of residence homesteads.

In the case of residence homestead exemptions granted under Article VIII, Section 1-b, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created. Homeowners who turn 65 during a tax year qualify immediately for the over-65 homestead exemption.

State law and Article VIII, Section 2, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead and to a surviving spouse living in such homestead who is disabled or is at least 55 years of age. If improvements (other than maintenance or repairs) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repeated or rescinded. The City has authorized the tax freeze on homesteads of taxpayers 65 years of age or older and disabled persons. For additional information, see "TAX INFORMATION - City Application of Tax Code."

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), 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 under both Sections 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Notwithstanding such exemption, counties, school districts, junior college districts and municipalities may tax such tangible personal property provided official action to tax the same was taken before April 1, 1990. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-1, provides for the exemption from ad valorem taxation of certain property used to control the pollution of air, water or land. A person is entitled to an exemption from taxation of all or part of real and personal property that the person owns and that is used wholly or partly as a facility, device or method for the control of air, water or land pollution.

Under Section 11.24 of the Property Tax Code, the governing body of a taxing entity may exempt from taxation part or all of the assessed value of a structure or archeological site and the land necessary for access to and use of the structure or archeological site, if the structure or archeological site is: (1) designated as a Recorded Texas Historic Landmark under Chapter 442, Texas Government Code, or a state archeological landmark under Chapter 191, Texas Natural Resources Code, by the Texas Historical Commission; or (2) designated as a historically or archeologically significant site in need of tax relief to encourage its preservation pursuant to an ordinance or other law adopted by the governing body of the unit.

Under Section 11.253 of the Property Tax Code, "goods-in-transit" are exempt from taxation unless a taxing unit opts out of the exemption. Goods-in-transit are defined as tangible personal property that: (i) is acquired in or imported into the State to be forwarded to another location in the State or outside of the State; (ii) is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in the State that are not in any way owned or controlled by the owner of the personal property for the account of the person who acquired or imported the property; (iii) is transported to another location in the State or outside the State not later than 175 days after the date the person acquired the property in or imported the property into the State; and (iv) does not include oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory. Section 11.253 permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax "goods-in-transit" during the following tax year. After taking such official action, the goods-in-transit remain subject to taxation by the local governmental entity until the governing body of the governmental entity rescinds or repeals its previous actions to tax goods-in-transit. A taxpayer may only receive either the freeport exemption or the "goods-in-transit" exemption for items of personal property.

The City and the other taxing bodies within its territory may agree to jointly create tax increment financing zones, under which the taxes on increased property values in the zone are dedicated to financing public improvements within the zone and are not available for general City use. The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City 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. The City has active reinvestment zones for tax abatements and one tax increment financing zone for tax increment financing purposes. See "TAX INFORMATION - Economic Development Initiatives" and "Table 1 - Valuation, Exemptions and General Obligation Debt."

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code ("Chapter 380") to established programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants or public funds for economic development purposes, however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City. See "TAX INFORMATION - Economic Development Initiatives - Other Economic Development Programs".

TAX RATE LIMITATION . . . The City Council is required to adopt the annual tax rate per \$100 taxable value for the City before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the City. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service. If the City Council does not adopt a tax rate by such required date, the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the City for the preceding tax year.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate." The City Council may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearing and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values. "Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

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.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process that uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City grants a \$40,000 exemption to the market value of all residence homesteads of persons 65 years of age or older or who are disabled.

The City has granted an additional exemption of 20% of the market value of all other declared homesteads. The constitutional amendment provides that taxes may continue to be levied against the value of the exempted homestead where ad valorem taxes have previously been pledged for the payment of debt, if cessation of the levy would impact the obligation of the contract by which the debt was created.

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

The City has adopted the tax freeze for citizens who are 65 years of age or older or disabled, which became a local option and subject to local referendum on January 1, 2004. The City Council also adopted a tax freeze on homesteads of the disabled and of persons 65 and older in May 2004. As a result of the adoption of the freezes, total City taxes on the residence homestead of a disabled person or persons 65 years of age or older residing in the City are frozen at the level of taxes billed for the 2004-05 fiscal year, or to the amount of taxes imposed in the year such residence qualified for such exemption. In order to qualify for the exemption, a taxpayer must make application to the Appraisal District.

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

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

The City does not tax nonbusiness personal property.

The Collin and Denton County Tax Assessor/Collectors collect the taxes for the City.

The City does not permit split payments of taxes, and discounts for the early payment of taxes are not allowed, although permitted on a local-option basis.

The City does not tax freeport property.

The City does not tax goods in transit.

With regard to historic properties, the City abates a percentage of taxes on the improvement only and that percentage depends on the qualification of the property and its classification, per City ordinance. The real property is not subject to abatement.

The City has adopted a tax abatement policy described below.

The City participates in one tax increment financing zone. See "Economic Development Initiatives" below.

ECONOMIC DEVELOPMENT INITIATIVES . . . The City's five year financial forecast is based upon the fact that the City is transitioning from a fast growth municipality to a maturing community. As a result of this process, the City expects to continue to aggressively pursue business development to further diversify its revenue base. The economic development tools described below are among the incentives that the City has used, and expects to continue to use, in pursuit of this strategy.

Tax Abatement Policy . . . State law authorizes political subdivisions of the State to grant tax abatements to any person, organization or corporation in order to stimulate economic development within the State. The City Council has adopted a resolution establishing criteria whereby the City will, on a case-by-case basis, give consideration to providing tax abatement to any qualifying applicant. A tax abatement can be offered in either of two categories: (i) real property and/or (ii) business personal property. Real property abatements applicable to the value of improvements made can be offered to applicants that will pursue construction of new or expanded facilities. Business personal property abatements applicable to the value of new personal property brought into the taxing jurisdiction can be offered to applicants that will pursue the purchase or long-term lease of existing facilities, with the abatement. Under the City's current policies, tax abatement offers are made on a case-by-case basis, with value of the improvements, and location being used to determine the tax abatement amount offered. Notwithstanding the resolution adopted by the City Council and the criteria attendant thereto, the City is under no obligation to provide tax abatement to any applicant. To date, the City has granted a total of 142 tax abatements. The amount of property value entitled to tax abatement during fiscal year 2017-18 is \$3,087,260. State law limits the duration of tax abatement agreements to ten years. The currently outstanding tax abatements that have been granted by the City have abated 50% or less of the taxable value of a qualifying applicant.

Tax Increment Financing . . . The City currently has one tax increment financing zone in place (the "TIF") that will expire in 2029. The TIF relates to financing for public improvements associated with the development of East Plano. The projects for the TIF were approved by the City Council in fiscal year 1999.

In May 2014, the City Council approved an amendment to the project and finance plan, adopted a revised project list, and extended the term of the TIF an additional 15 years with the City and Collin County being the only two participants for the extended TIF.

See Table 1 for the incremental taxable assessed value for the TIF.

Other Economic Development Programs . . . The City has a Chapter 380 economic development incentive program, whereby the City awards grants to qualifying businesses. For this program, two cents of the general fund tax has been appropriated annually to fund Chapter 380 Economic Development Grants to qualifying businesses.

The City has also entered into two agreements with hotel operators to make a grant payable from its hotel occupancy tax revenues to provide marketing and transportation services to promote the City's convention, hotel and tourism business.

Downtown Public Improvement District . . . The City has established a Public Improvement District (PID) for project improvements and services for the Downtown Plano area. The PID was approved in October 2014. The PID is utilized to provide additional improvements and services in Downtown Plano where funding is derived from a special assessment paid by downtown property owners based on a property's taxable value.

Plano Improvement Corporation . . . The City has established the Plano Improvement Corporation (PIC) as a 501(c)(3) for the purpose of transfer of land and improvements that the City wants developed. The PIC was approved in Fiscal Year 2016. The PIC serves as a non-profit corporation to facilitate real estate transactions and serves as an independent foundation for acceptance of donations.

Transportation Management Association. . . The City established the Transportation Management Association (TMA) as a 501(c)(6) for applying selected measures to facilitate the movement of people and goods within an area. The TMA was approved in Fiscal Year 2017. The TMA is comprised of businesses and local governments dedicated to solving local transportation concerns which benefit the primary government.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2017/18 Market Valuation Established by the Appraisal District ⁽¹⁾		\$ 49,803,531,894
Less Exemptions/Reductions at 100% Market Value:		
General Residential Homestead Exemptions and Exemptions to Taxpayers Over 65	\$ 4,679,870,619	
Disabled Persons/Veterans Exemptions	97,268,637	
Freeport Property Exemption	294,970,388	
Tax Abatement Reductions	458,659,986	
Agricultural and Open Space Land	663,823,812	
Homestead Cap Adjustment	806,707,944	
Pollution Control Exemption	1,762,617	
PPV	125,524	
House Bill 366	97,392	
Total Exempt Property	3,264,923,882	
Community Housing	26,675,855	
Historical Properties	11,627,895	
Leased Vehicles	285,679,374	
Solar	182,707	<u>10,592,376,632</u>
2017/18 Taxable Assessed Valuation		\$ 39,211,155,262
Less: 2017/18 Property Under Appraisal Review Board Review ⁽²⁾		<u>(145,095,507)</u>
2017/18 Taxable Assessed Valuation		\$ 39,066,059,755
Less: 2017/18 Incremental Taxable Assessed Value of Real Property within the TIF		<u>422,199,323</u>
2017/18 Taxable Assessed Valuation available for General Fund Obligations and Debt of City		<u><u>\$ 38,643,860,432</u></u>
City Funded Debt Payable from Ad Valorem Taxes		
General Obligation Debt (as of 3/1/2018)	\$ 327,935,000	
The Bonds	<u>77,915,000</u>	
General Purpose Funded Debt Payable from Ad Valorem Taxes		\$ 405,850,000
Interest and Sinking Fund Balance (as of 3/1/2018)		\$ 21,670,246
Ratio of Tax Supported Debt to Taxable Assessed Valuation (as of 3/1/2018)		1.04%
2018 Population - 279,700 Per Capita Taxable Assessed Valuation - \$139,671 Per Capita Funded Debt - \$1,451		

(1) As reported by Collin Central Appraisal District and Denton County Appraisal District.
 (2) Source: City of Plano.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY ⁽¹⁾

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2018		2017		2016	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$24,806,747,861	49.81%	\$22,786,604,400	50.42%	\$20,251,326,644	50.98%
Real, Residential, Multi-Family	4,048,426,543	8.13%	3,429,180,382	7.26%	2,916,133,065	7.43%
Real, Vacant Platted Lots/Tracts	297,518,790	0.60%	265,558,241	0.62%	249,525,885	0.56%
Real, Acreage (Land Only)	665,440,025	1.34%	594,654,001	1.45%	582,383,674	1.75%
Real, Farm and Ranch Improvements	194,761,435	0.39%	247,061,602	0.75%	299,373,987	0.55%
Real, Commercial and Industrial	12,630,343,429	25.36%	10,313,022,304	23.15%	9,297,217,587	23.93%
Real and Intangible, Personal, Utilities	387,068,685	0.78%	422,518,560	0.99%	396,029,812	1.10%
Tangible Personal, Business	2,932,795,040	5.89%	2,773,517,357	6.84%	2,745,695,997	7.38%
Tangible Personal, Other	4,479,771	0.01%	4,477,585	0.01%	4,453,143	0.01%
Real Inventory	111,575,904	0.22%	96,041,558	0.20%	78,482,865	0.23%
Special Inventory	146,871,880	0.29%	135,757,759	0.35%	140,322,173	0.37%
Total Exempt Property	3,577,502,531	7.18%	3,400,442,046	7.98%	3,204,672,961	5.70%
Total Appraised Value Before Exemptions	\$49,803,531,894	100.00%	\$44,468,835,795	100.00%	\$40,165,617,793	100.00%
Less: Property Under ARB Review ⁽²⁾	(145,095,507)		(257,400,565)		(181,309,383)	
Less Total Exemptions/Reductions	(10,592,376,632)		(9,858,908,191)		(8,704,297,457)	
Taxable Assessed Value	<u>\$39,066,059,755</u>		<u>\$34,352,527,039</u>		<u>\$31,280,010,953</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2015		2014	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$18,343,328,682	51.37%	\$17,060,076,114	52.42%
Real, Residential, Multi-Family	2,672,406,246	7.26%	2,409,386,306	6.98%
Real, Vacant Platted Lots/Tracts	203,074,627	0.56%	187,238,445	0.55%
Real, Acreage (Land Only)	629,024,400	2.01%	667,481,473	2.02%
Real, Farm and Ranch Improvements	197,785,506	0.55%	184,102,930	0.63%
Real, Commercial and Industrial	8,610,608,702	24.00%	7,971,701,501	23.39%
Real and Intangible, Personal, Utilities	395,353,803	1.16%	386,185,591	1.17%
Tangible Personal, Business	2,654,125,062	7.48%	2,484,457,491	7.28%
Tangible Personal, Other	4,322,218	0.01%	4,336,662	0.01%
Real Inventory	84,452,656	0.24%	80,785,475	0.25%
Special Inventory	133,193,752	0.35%	116,405,961	0.35%
Total Exempt Property	2,050,789,296	4.99%	1,657,843,198	4.96%
Total Appraised Value Before Exemptions	\$35,978,464,950	100.00%	\$33,210,001,147	100.00%
Less: Property Under ARB Review ⁽²⁾	(105,667,742)		(84,329,465)	
Less: Total Exemptions/Reductions	(7,039,911,533)		(6,200,498,251)	
Taxable Assessed Value	<u>\$28,832,885,675</u>		<u>\$26,925,173,431</u>	

(1) As reported by Collin Central Appraisal District and Denton County Appraisal District.

(2) Source: City of Plano.

NOTE: Valuations shown are certified taxable assessed values reported by the 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.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Tax Supported Debt Outstanding at End of Year	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita
2014	270,100	\$26,925,173,431	\$99,686	\$ 303,065,000	1.13%	\$ 1,122
2015	273,600	28,832,885,675	105,383	300,470,000	1.04%	1,098
2016	276,700	31,280,010,953	113,047	302,590,000	0.97%	1,094
2017	279,100	34,352,527,039	123,083	327,935,000	0.95%	1,175
2018	279,700	39,066,059,755	139,671	377,085,000 ⁽³⁾	0.97%	1,348

(1) Source: City staff.

(2) As reported by the Appraisal District.

(3) Projected, includes the Bonds

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY ⁽¹⁾

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2014	\$ 0.48860	\$ 0.32960	\$ 0.15900	\$ 130,892,241	99.62%	100.20%
2015	0.48860	0.34380	0.14480	139,575,321	99.46%	100.77%
2016	0.48860	0.35760	0.13100	151,033,590	99.77%	101.64%
2017	0.47860	0.35560	0.12300	161,973,421	99.83%	100.70%
2018	0.46860	0.35000	0.11860	183,743,471 ⁽²⁾	95.46% ⁽³⁾	95.59% ⁽³⁾

(1) Source: City staff.

(2) Tax levy based on freeze adjusted taxable value.

(3) Collections as of March 1, 2018.

TABLE 5 - TEN LARGEST TAXPAYERS ⁽¹⁾

Name of Taxpayer	Nature of Property	2017/18 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Toyota Motor North America Inc.	Corporate Headquarters	\$ 516,368,710	1.32%
Bank of America	Financial Operations	257,655,016	0.66%
Silos Harvesting Partners LP	Hedge Fund	245,000,000	0.62%
Legacy West Investors LP	Investments	221,702,635	0.57%
Oncor Electric Delivery Company	Electric Utility	199,598,544	0.51%
HP Enterprise Services LLC	Data Center	178,540,755	0.46%
394 Pacific DCD LLC	Real Estate	168,000,000	0.43%
KBSIII Legacy Town Center LLC	Real Estate	154,458,567	0.39%
HSP of Texas Inc.	Medical Center	146,666,124	0.37%
UDR Legacy Village L:C	Apartments	142,527,900	0.36%
		<u>\$ 2,230,518,251</u>	<u>5.69%</u>

(1) As reported by the Appraisal District.

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 "TAX INFORMATION - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY ⁽¹⁾

2018 Principal and Interest Requirements	\$ 43,406,205
\$0.1107 Tax Rate at 100% Collection Produces	\$ 43,406,749
Average Annual Principal and Interest Requirements, 2018 - 2038	\$ 26,195,935
\$0.0669 Tax Rate at 100% Collection Produces	\$ 26,232,263
Maximum Principal and Interest Requirements, 2019	\$ 47,559,944
\$0.1213 Tax Rate at 100% Collection Produces	\$ 47,563,131

(1) Includes the Bonds. See Table 8 - General Obligation Debt Service Requirements herein.

TABLE 7 - ESTIMATED OVERLAPPING DEBT ⁽¹⁾

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. 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 Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2017/18 Taxable Assessed Value	2017/18 Tax Rate	Total Tax Debt	Estimated % Applicable	City's Overlapping Tax Debt As of 3-1-18	Authorized But Unissued Debt As Of 3-1-18
City of Plano	\$39,066,059,755	\$ 0.46860	\$ 405,850,000 ⁽²⁾	100.00%	\$ 405,850,000 ⁽²⁾	\$ 176,120,500
Allen Independent School District	11,734,971,168	1.57000	651,299,086	0.65%	4,233,444	-
Collin County	124,035,906,716	0.19220	352,380,000	33.38%	117,624,444	45,800,000
Collin County Community College District	110,609,710,642	0.08122	248,840,000	33.38%	83,062,792	350,000,000
Denton County	88,330,714,230	0.23780	645,305,000	1.58%	10,195,819	57,165,554
Frisco Independent School District	33,597,718,766	1.46000	1,884,538,851	12.99%	244,801,597	220,000,000
Lewisville Independent School District	33,021,892,315	1.40750	1,210,862,216	3.91%	47,344,713	535,025,000
Plano Independent School District	51,079,545,709	1.43900	1,031,725,000	69.81%	720,247,223	76,970,000
Total Direct and Overlapping Tax Supported Debt					\$ 1,633,360,031	
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation					4.18%	
Per Capita Overlapping Tax Supported Debt					\$ 5,839.69	

(1) Source: Municipal Advisory Council of Texas.

(2) Includes the Bonds.

DEBT INFORMATION

TABLE 8 – PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt			The Bonds ⁽¹⁾			Total Tax Supported Debt	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total		
	2018	\$ 28,765,000	\$ 14,641,205	\$ 43,406,205	\$ -	\$ -		
2019	28,450,000	13,519,380	41,969,380	1,755,000	3,835,564	5,590,564	47,559,944	
2020	24,840,000	12,200,805	37,040,805	2,685,000	2,892,897	5,577,897	42,618,702	
2021	25,030,000	11,011,480	36,041,480	2,800,000	2,785,497	5,585,497	41,626,977	
2022	23,895,000	9,803,030	33,698,030	2,915,000	2,673,497	5,588,497	39,286,527	34.78%
2023	23,865,000	8,645,755	32,510,755	3,060,000	2,527,747	5,587,747	38,098,502	
2024	21,070,000	7,505,564	28,575,564	3,205,000	2,374,747	5,579,747	34,155,311	
2025	21,230,000	6,477,715	27,707,715	3,370,000	2,214,497	5,584,497	33,292,212	
2026	19,445,000	5,509,605	24,954,605	3,530,000	2,045,997	5,575,997	30,530,602	
2027	17,325,000	4,601,861	21,926,861	3,715,000	1,869,497	5,584,497	27,511,358	64.30%
2028	15,600,000	3,891,249	19,491,249	3,900,000	1,683,747	5,583,747	25,074,996	
2029	13,070,000	3,315,499	16,385,499	4,055,000	1,527,747	5,582,747	21,968,246	
2030	12,260,000	2,737,161	14,997,161	4,210,000	1,365,547	5,575,547	20,572,708	
2031	11,870,000	2,198,436	14,068,436	4,335,000	1,239,247	5,574,247	19,642,683	
2032	10,980,000	1,672,986	12,652,986	4,470,000	1,109,197	5,579,197	18,232,183	85.18%
2033	9,505,000	1,242,563	10,747,563	4,600,000	975,097	5,575,097	16,322,660	
2034	8,270,000	867,800	9,137,800	4,735,000	832,497	5,567,497	14,705,297	
2035	7,155,000	525,588	7,680,588	4,900,000	680,977	5,580,977	13,261,565	
2036	5,310,000	215,938	5,525,938	5,055,000	520,257	5,575,257	11,101,195	
2037	-	-	-	5,225,000	351,420	5,576,420	5,576,420	98.67%
2038	-	-	-	5,395,000	175,338	5,570,338	5,570,338	100.00%
	<u>\$ 327,935,000</u>	<u>\$ 110,583,619</u>	<u>\$ 438,518,619</u>	<u>\$ 77,915,000</u>	<u>\$ 33,681,011</u>	<u>\$ 111,596,011</u>	<u>\$ 550,114,630</u>	

(1) Average life of the issue - 12.183. Interest on the Bonds has been calculated at the rates stated on the cover page hereof.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION ⁽¹⁾

Budgeted Tax Supported Debt Service Requirements, Fiscal Year Ending, 9/30/18	\$ 45,274,505
Budgeted Interest and Sinking Fund Balance, 9/30/17	\$ 4,279,409
2017/18 Budgeted Interest and Sinking Fund Tax Levy	44,913,192
Budgeted Transfers and Reimbursements	151,994
Investment Income	<u>200,000</u>
Budgeted Balance, 9/30/18	<u><u>49,544,595</u></u>
	<u><u>\$ 4,270,090</u></u>

(1) Source: City's Annual Budget for Fiscal Year 2017/18.

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS ⁽¹⁾

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Previously Issued</u>	<u>Amount Being Issued ⁽²⁾</u>	<u>Unissued Balance</u>
Street Improvements	5/9/2009	\$ 34,754,500	\$ 34,754,500	\$ -	\$ -
Technology	5/9/2009	8,000,000	8,000,000	-	-
Library Improvements	5/9/2009	1,750,000	740,000	510,000	500,000
Park and Recreation Improvements	5/9/2009	48,650,000	48,650,000	-	-
Recreation Center	5/9/2009	24,100,000	24,100,000	-	-
Public Safety	5/9/2009	11,368,000	11,368,000	-	-
Street Improvements	5/11/2013	43,813,000	23,877,500	19,935,500	-
Park Improvements	5/11/2013	27,000,000	25,935,000	1,065,000	-
Recreation Center	5/11/2013	12,500,000	7,740,000	2,260,000	2,500,000
Economic Development Improvements	5/11/2013	15,000,000	4,500,000	-	10,500,000
Steet & Sidewalk Improvements	5/6/2017	90,270,000	-	64,500	90,205,500
Public Safety Facility	5/6/2017	29,000,000	-	27,000,000	2,000,000
Park Improvements	5/6/2017	78,850,000	-	30,935,000	47,915,000
Recreation Center	5/6/2017	12,500,000	-	-	12,500,000
Library Improvements	5/6/2017	10,000,000	-	-	10,000,000
		<u>\$447,555,500</u>	<u>\$189,665,000</u>	<u>\$81,770,000</u>	<u>\$176,120,500</u>

(1) Source: City Officials.

(2) Includes the premium of the Bonds being issued.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The City anticipates the issuance of approximately \$58.71 million in additional tax supported debt in 2019.

THE COMMUNITY INVESTMENT PROGRAM . . . The City Council annually adopts a five year Community Investment Program (the "CIP") to reflect the City's commitment to continually invest in the City's infrastructure. The CIP is made for planning purposes and may identify projects that will be deferred or omitted entirely in future years; only projects for the current fiscal year are included in the City's adopted budget. In addition, as conditions change, new projects may be added that are not currently identified. For the fiscal year ending September 30, 2018, the CIP includes approximately \$229.1 million in total budgeted expenditures for all City capital projects, including general obligation, water, sewer, drainage and capital reserve projects. A large portion of the projects other than general obligation and technology projects are funded from reserves or on a pay as you go basis. The total CIP for the five year period ending September 30, 2022 includes \$723.5 million of capital improvements, of which \$341.5 million are general obligation projects. See "DEBT INFORMATION – Anticipated Issuance of Additional General Obligation Debt," for a description of the City's plans to finance portions of the CIP through the issuance of general obligation bond issues.

OTHER OBLIGATIONS . . . The City has no unfunded debt outstanding as of March 1, 2018.

PENSION FUND . . . Texas Municipal Retirement System ("TMRS") provides retirement, disability and death benefits for City employees. 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 were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his or her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Deposit rate	7%
Matching Ratio (City to Employee)	2:1
A member is vested after	5 years

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are: 5 years of service and age 60 or 20 years of service and any age.

Retirement Security Plan . . . On January 1, 1983, the City withdrew from the Federal Social Security system and created the Retirement Security Plan (the "Plan"), a single-employer, defined-benefit pension trust fund, to provide retirement benefits for all full-time employees of the City. The Plan is created by City ordinance and administered by a committee of five, which meets four times a year. Professional investment management is used and a custodial bank retains the assets and provides for administration of benefit payments.

As of the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	1,114
Inactive Employees Entitled to But Not Yet Receiving Benefits	911
Active Employees	<u>2,270</u>
	4,295

Contribution . . . The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, 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 actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City was 18.11% in 2017. The City's contributions to TMRS for fiscal year 2017, were \$28,074,675, and were equal to the required contributions.

Net Pension Liability . . . The City's Net Pension Liability ("NPL") was measured as of December 31, 2016, and the Total Pension Liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as of that date.

The TPL in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal ("EAN") actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
17.50%	4.55%
17.50%	6.35%
10.00%	1.00%
20.00%	4.15%
10.00%	4.15%
10.00%	4.75%
10.00%	4.00%
5.00%	7.75%
100.00%	

Discount Rate . . . The discount rate used to measure the TPL 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 TPL.

Changes in the Net Pension Liability . . .

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2015	\$ 897,635,803	\$ 766,550,193	\$ 131,085,610
Changes for the year:			
Service cost	27,113,143	-	27,113,143
Interest (on the total pension liability)	60,407,716	-	60,407,716
Difference between expected and actual experience	950,930	-	950,930
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(32,526,510)	(32,526,510)	-
Contributions-employer	-	26,761,281	(26,761,281)
Contributions-employee	-	10,345,977	(10,345,977)
Net investment income	-	51,816,415	(51,816,415)
Administrative Expense	-	(585,071)	585,071
Other	-	(31,522)	31,522
Net Changes	55,945,279	55,780,570	164,709
Balance at December 31, 2016	\$ 953,581,082	\$ 822,330,763	\$ 131,250,319

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

	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
City's Net Pension Liability	\$267,277,173	\$131,250,319	\$ 19,505,134

OTHER POST-EMPLOYMENT BENEFITS . . . The City offers its retired employees under age 65 health insurance coverage under the same plan as the active employees and Medicare supplementary insurance for retirees 65 and older. The number of retired participants receiving health insurance coverage for 2017 was 464 of which 238 were on the same plan as the active employees and 226 on Medicare supplementary insurance. Premiums are paid by the retired employees and claims are processed by the City's agent and paid through the Health Claims Fund. Expenditures for postretirement healthcare benefits are recognized as retirees report claims. Claims paid for retired employees for 2017 were \$3,491,625.

On March 1, 2008, the City established a Section 115 Trust (the Trust) to comply with the requirements of GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* (OPEB), for the purpose of funding and providing certain benefits to its eligible retirees and dependents. The single-employer, joint contributor hybrid defined-benefit plan is created by City ordinance and administered by the Risk Pool Trustees who meet four times a year. The Risk Pool Trustees consist of three or more City employees who are appointed by the City pursuant to the Plano Welfare Benefit Plan. Professional investment management is used and a custodial bank retains the assets of the Trust. The Trust issued a separate publicly available financial report that includes financial statements and required supplementary information at the Trust's fiscal year-end which is December 31. Those financial reports may be obtained by request to the City's Human Resources Department, 1520 Avenue K, Suite 130, Plano, Texas 75074.

The City delivers to the Section 115 Trustee the amounts of money that are contributed to the Trust Fund by the City and by participants. Contributions by the City are established as part of the City budget process and are based on amounts determined in the actuarial study prepared biennially. For fiscal year ending September 30, 2017, the City contributed \$5,530,675 to the Trust, which represents approximately 100% of the annual required contribution of the employer ("ARC"). In addition, retirees contributed \$1,283,286 to the Trust.

As of the October 1, 2015 biennial actuarial valuation, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$84,392,988, and the Trust's actuarial value of assets as of such date was \$80,515,990, giving the Trust a "funded ratio" of 95.4%. As of September 30, 2017 the City had a net OPEB asset in the amount of \$21,113,661 in the Trust.

For more detailed information concerning the City's Employee Benefit Plans, see Appendix A, "Excerpts from the City's Comprehensive Annual Financial Report" - Note II.5.

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FINANCIAL INFORMATION

TABLE 11 – CHANGES IN NET POSITION ⁽¹⁾

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
Revenues:					
<u>Program Revenues</u>					
Charges for Services	\$ 54,349,691	\$ 53,760,284	\$ 49,475,357	\$ 43,562,018	\$ 42,641,675
Operating Grants and Contributions	12,735,876	13,846,703	18,586,476	15,264,041	14,058,293
Capital Grants and Contributions	12,042,196	16,642,121	19,043,456	11,542,543	8,576,392
<u>General Revenues</u>					
Property Taxes	173,005,300	163,619,692	150,960,855	140,180,751	133,922,409
Sales Taxes	81,795,481	76,948,348	76,326,156	74,468,963	68,831,243
Other Taxes	26,814,749	26,740,985	27,234,913	26,156,445	24,959,359
Investment Income	3,018,751	3,180,298	3,096,190	1,396,949	973,519
Total Revenues	\$ 363,762,044	\$ 354,738,431	\$ 344,723,403	\$ 312,571,710	\$ 293,962,890
Expenses:					
General Government	\$ 27,352,742	\$ 27,017,457	\$ 27,636,869	\$ 22,837,719	\$ 22,902,283
Administrative Services	11,729,785	10,635,244	9,555,715	9,004,302	8,715,712
Police	88,408,381	80,837,474	74,607,299	73,546,241	70,839,690
Fire	63,104,587	56,724,482	51,268,423	50,822,815	48,085,904
Libraries	12,381,069	12,107,913	10,646,832	11,152,367	10,268,273
Development	38,018,301	36,859,600	33,116,211	35,304,179	28,041,761
Public Services and Operations	8,350,096	7,638,382	6,575,756	7,350,378	6,372,030
Parks and Recreation	36,069,542	32,462,901	30,933,825	32,444,929	28,605,874
Public Works	33,751,984	32,287,926	30,531,725	29,653,914	31,256,009
Information Services	18,193,246	18,524,241	18,193,965	17,035,972	15,485,073
Interest on Long-term Debt	10,897,222	10,309,486	8,887,609	11,454,975	16,606,292
Total Expenses	\$ 348,256,955	\$ 325,405,106	\$ 301,954,229	\$ 300,607,791	\$ 287,178,901
Increase in Net Position before Transfers	\$ 15,505,089	\$ 29,333,325	\$ 42,769,174	\$ 11,963,919	\$ 6,783,989
Transfers	13,573,300	12,121,270	10,491,502	11,898,312	12,443,267
Increase in Net Position	\$ 29,078,389	\$ 41,454,595	\$ 53,260,676	\$ 23,862,231	\$ 19,227,256
Net Position - October 1	985,326,417	943,871,822	890,611,146 ⁽²⁾	918,901,436	899,674,180
Net Position - September 30	\$ 1,014,404,806	\$ 985,326,417	\$ 943,871,822	\$ 942,763,667	\$ 918,901,436

(1) Source: City's Comprehensive Annual Financial Reports.

(2) Restated, due to change in reporting for pension.

TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY ⁽¹⁾

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
Fund Balance - Beginning of Year	\$ 54,189,973	\$ 51,604,016	\$ 51,324,818	\$ 56,310,424	\$ 52,966,763
Revenues:					
Taxes and Penalties	\$ 203,772,894	\$ 189,849,150	\$ 177,020,267	\$ 163,778,297	\$ 151,531,053
Franchise Fees	23,778,918	23,795,403	24,452,648	23,469,220	22,455,605
Fines and Forfeitures	6,081,129	7,093,728	7,448,485	7,529,084	8,060,627
Licenses and Permits	11,096,275	13,864,396	11,521,327	8,464,559	8,514,993
Intragovernmental	10,272,023	9,845,021	9,073,068	8,839,577	9,246,857
Intergovernmental	1,041,292	1,039,506	981,392	1,056,121	1,026,495
Fees for Services	14,170,506	13,793,976	13,358,451	12,552,999	12,038,495
Investment Income	659,020	826,979	599,160	483,213	144,259
Miscellaneous	1,858,760	1,785,782	1,678,769	1,716,167	1,479,535
Other Financing Sources	10,060,903	9,021,278	11,492,917	9,266,641	9,587,287
Total Revenues	\$ 282,791,720	\$ 270,915,219	\$ 257,626,484	\$ 237,155,878	\$ 224,085,206
Expenditures:					
General Government	\$ 72,287,339	\$ 70,606,963	\$ 68,862,245	\$ 63,865,540	\$ 56,040,754
Public Safety	135,203,503	124,989,474	120,655,714	115,943,228	110,035,460
Public Works	6,488,697	6,328,770	5,945,885	5,817,124	5,931,011
Community Services	41,856,950	40,232,964	37,223,778	36,262,894	33,845,224
Capital Outlay	3,833,561	1,482,113	1,684,308	1,306,108	1,446,397
Other Financing Uses	25,676,520	24,688,978	22,975,356	18,946,590	13,442,699
Total Expenditures	\$ 285,346,570	\$ 268,329,262	\$ 257,347,286	\$ 242,141,484	\$ 220,741,545
Excess (Deficiency) of Revenues over Expenditures	(2,554,850)	2,585,957	279,198	(4,985,606)	3,343,661
Fund Balance - End of Year	\$ 51,635,123	\$ 54,189,973	\$ 51,604,016	\$ 51,324,818	\$ 56,310,424

(1) Source: City's Comprehensive Annual Financial Reports.

The City has historically adopted a budget that uses conservative estimates of revenues and greater levels of spending than is actually undertaken. The City typically builds its budgetary revenues on using total resources available, including budget year cash flows as well as the portion of the General Fund balance that exceeds 30 days' of budgeted expenditures.

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TABLE 13 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, 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 Bonds. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas (the "Comptroller"), who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended	1% Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2014	\$ 74,468,963	56.89%	\$0.2766	276
2015	76,829,245	55.05%	0.2665	281
2016	76,347,085	50.55%	0.2441	276
2017	81,530,064	50.34%	0.2373	292
2018	31,367,818 ⁽¹⁾	17.07%	0.0803	112

Note: The City is a member of Dallas Area Rapid Transit ("DART"), which collects a 1% sales and use tax within its service area, including the City. The total sales tax rate collected in the City is 8.25% (6.25% by the State of Texas, 1% by the City and 1% by DART). Under current State law, the total sales and use tax rate may not exceed 8.25% in any location.

(1) Collections as of March 1, 2018.

FINANCIAL POLICIES

Basis of Accounting . . . The accounting policies of the City conform to generally accepted accounting principles for governmental entities as promulgated by the Government Accounting Standards Board. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and pension trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary and trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined statement of net assets. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in total net assets.

The modified accrual basis of accounting is used by all governmental funds types, pension trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recorded when the related fund liability is incurred. However, principal of and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Major revenue sources which have been treated as susceptible to accrual under the modified basis of accounting include property taxes, charges for services, intergovernmental revenues, and investment of available funds.

The accrual basis of accounting is utilized by proprietary and trust funds. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports unearned revenue on its combined balance sheet. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Deferred outflows of resources are used to report consumptions of net position by the City that are applicable to a future reporting period. Deferred inflows of resources are used to report acquisitions of net assets by the City that are applicable to future reporting periods. The deferred inflow is reclassified to revenue on the government-wide financial statements.

Fund Balances . . . It is the City's practice regarding the General Fund and Enterprise Funds that working capital resources should be maintained at 30 days of the Funds' operating expenses. The City maintains its various debt service funds in accordance with the covenants of applicable bond ordinance.

Budgetary Procedures . . . The City's Home Rule Charter establishes the fiscal year as the twelve-month period beginning each October 1. Each year by the middle of June, the City Manager, after review, submits a budget of estimated revenues and expenditures to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with their direction of the City. Various public hearings may be held to comply with state and local statutes. The City Council will adopt a budget prior to October 1 through passage of an ordinance. If the Council fails to adopt a budget then the prior year budget remains in effect.

During the fiscal year, budgetary control is maintained by the monthly review by department heads of departmental appropriation balances. Actual operations are compared to the amounts set forth in the budget. Departmental appropriations that have not been expended lapse at the end of the fiscal year. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

INVESTMENTS

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

LEGAL INVESTMENTS . . . Available City funds are invested as authorized by Texas law and 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 directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025 Texas Government Code; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the value of the securities loaned under the program must be not less than 100% collateralized, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with 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, (13) commercial paper with a stated maturity of 270 days or less that is rated at least A-1

or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal, (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest, (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years, and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under 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, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Texas Public Funds Investment Act (Texas Government Code, Chapter 2256). 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, the ending market value and the fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

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 14 - CURRENT INVESTMENTS (1)

As of March 1, 2018, the City's investable funds were invested in the following categories:

<u>Description</u>	<u>Percent</u>	<u>Book Value</u>
Local Government Investment Pools	14.41%	\$ 85,098,588
Agency Debt	20.07%	118,558,883
NOW Accounts	8.89%	52,507,075
Certificates of Deposit/Fixed Term Products	18.96%	111,952,010
Municipal Debt	37.67%	222,481,118
	<u>100.00%</u>	<u>\$590,597,674</u>

(1) Source: City Officials.

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TAX MATTERS

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

For taxable years that began before January 1, 2018, interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of computing the alternative minimum tax on such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

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

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

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN BONDS . . . The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum tax on corporations for taxable years that began before January 1, 2018, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

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

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Ordinance the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement while it remains obligated to advance funds to pay such Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the Tables numbered 1 through 6 and 8 through 14 and in Appendix A. The City will update and provide this information in the numbered tables within six months after the end of each fiscal year ending in or after 2018 and audited financial statements within 12 months after the end of each fiscal year ending in or after 2018. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, updated unaudited information included in the above-referenced tables must be provided by March 31 in each year, and audited financial statements must be provided by September 30 of each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data.

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 Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the 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; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. 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.

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 Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City's continuing disclosure agreements for the Bonds may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell the Bonds in the primary offering of such 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 the Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of such Bonds. The City may also amend or repeal the provisions of the continuing disclosure agreements 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 the Bonds in the primary offering of such Bonds. If the City amends its agreements, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years the City believes it has complied in all material respects with its previous continuing disclosure undertakings entered into pursuant to the Rule.

OTHER INFORMATION

RATINGS

The presently outstanding tax-supported debt of the City is rated by Moody's, Fitch, and S&P. The Bonds are rated "AAA" by Fitch and "AAA" by S&P, in each case without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of the organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the company, if in the judgment of company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The City is not seeking a rating from Moody's for the Bonds.

LITIGATION

In the opinion of City officials the City is not a party to any litigation or other proceeding pending or to their knowledge threatened, in or before any court, agency or other administrative body (either state or federal) which, if decided adversely to the City, would have a material adverse effect on the financial condition of the City.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Bonds (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before the Bonds are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital and savings and loan associations.

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

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The City will furnish to the Initial Purchaser a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security or in any manner questioning the validity of said Bonds will also be furnished. Though it represents the Financial Advisor and purchasers of debt from governmental issuers from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and 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 describing the Bonds in the Official

Statement to verify that such description conforms to the provisions of the Bond Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

FINANCIAL ADVISOR

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

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER OF THE BONDS

After requesting competitive bids for the Bonds, the City accepted the bid of Raymond James & Associates, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the cover page of the Official Statement at a price of par plus a cash premium of \$4,112,163.15. The Initial Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the City will furnish to the Initial Purchaser a certificate, executed by a proper City officer, acting in such officer's official capacity, to the effect that to the best of such officer's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement, or amendment thereto, on the date of the Official Statement, on the date of sale of the Bonds, and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

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 Pricing Certificate approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Bonds by the Initial Purchaser.

/s/ _____
DENISE TACKE
PRICING OFFICER
City of Plano, Texas

APPENDIX A

EXCERPTS FROM THE
CITY OF PLANO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2017

The information contained in this Appendix consists of excerpts from the City of Plano, Texas Comprehensive Annual Financial Report for the Year Ended September 30, 2017, 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.

APPENDIX B

FORM OF BOND COUNSEL'S OPINION