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John L. Martin, Jr.
Senior Managing Director

July 10, 2023

Honorable Mayor and City Council
City of Mineola, Texas

Ladies and Gentlemen:

As your Financial Advisor, we are pleased to report that Hilltop Securities has been successful in the sale of the City's Tax Notes, Series 2023. This booklet contains various documents that we believe are of interest to you as it pertains to the sale and issuance of the Notes.

We appreciate the opportunity to represent the City of Mineola.

Sincerely yours,

John L. Martin, Jr.
Senior Managing Director

Michael Martin
Vice President

MEMBERS OF THE FINANCIAL TEAM

FINANCIAL ADVISOR

Hilltop Securities
Dallas, Texas

BOND COUNSEL

Norton Rose Fulbright US LLP
Dallas, Texas

UNDERWRITING TEAM

D.A. Davidson & Co.
Dallas, Texas

UNDERWRITERS' COUNSEL

Orrick, Herrington & Sutcliffe LLP
Austin, Texas

TAB 2

RatingsDirect®

Summary:

Mineola, Texas; General Obligation

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Mineola, Texas; General Obligation

Credit Profile

US\$3.0 mil tax nts ser 2023 dtd 08/01/2023 due 08/01/2030

<i>Long Term Rating</i>	A+/Stable	New
Mineola GO (AGM)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'A+' long-term rating to Mineola, Texas' roughly \$3 million series 2023 general obligation (GO) tax notes.
- At the same time, S&P Global Ratings affirmed its 'A+' underlying rating (SPUR) on the city's existing GO debt and certificates of obligation (COs).
- The outlook is stable.

Security

An ad valorem property tax, within limits prescribed by law, on all taxable property within the city secures the series 2023 tax notes and GO debt and COs. A limited net revenue pledge, not to exceed \$1,000, from the operation of the city's combined waterworks-and-sewer system also supports the COs. Due to the additional pledged revenue's limited nature, we base our ratings on the COs and the city's ad valorem-tax pledge.

The maximum allowable property tax rate for general law cities in Texas is \$1.50 per \$100 of assessed value for all purposes with the portion dedicated to debt service limited to \$1. The city's levy is well below the maximum at 53.5 cents with 8.2 cents dedicated to debt service. The city does not levy ad valorem taxes on a narrower or distinctly different property tax base and there are no limitations on the fungibility of resources available for debt-service payments. Therefore, we do not differentiate between unlimited- and limited-tax pledges.

Officials intend to use series 2023 tax note proceeds to fund the purchase of two new firetrucks and street projects.

Credit overview

Mineola has a growing tax base that benefits from ongoing residential and commercial development that should pick up in pace during the next few years. However, despite stable local economic growth and activity, income and market value per capita remain weaker than many higher-rated peers statewide and nationwide. Economic growth has increased sales and property tax collections recently, which led to positive general fund operating performance that increased reserves to more than 40% of operating expenditures as of fiscal 2021.

Mineola plans to increase general fund reserves during the next few fiscal years to provide an additional cushion for onetime expenses. Unaudited fiscal 2022 results indicate roughly breakeven general fund operations. For fiscal 2023, officials expect to add between \$300,000 and \$500,000 to reserves due to positive revenue and expenditure variances.

We expect finances will likely remain, at least, adequate during the next two fiscal years, guided by growing revenue and conservative budgeting. Key fiscal-management practices and policies include Mineola's:

- Revenue and expenditure assumptions that reflect historical data,
- Formal investment-management policy, and
- Informal fund-balance policies that include a minimum-reserve level and reserve targets.

The city does not currently have formal, long-term capital, financial, or debt-management plans or policies.

Mineola will have \$19.7 million of total direct debt outstanding after the series 2023 notes. It does not currently have any additional debt plans; therefore, we expect debt metrics will likely remain relatively stable during the next few years. We do not view any privately placed debt as a contingent-liquidity risk because the debt cannot accelerate, and events of default are standard. We do not view pension and other postemployment benefit liabilities as a near-term credit pressure because contributions make up roughly 4% of the budget and the Texas Municipal Retirement System plan for the city is 92% funded as of Dec. 31, 2020. (For more information on Texas' pension landscape, see "Pension Spotlight: Texas," published April 4, 2023, on RatingsDirect.)

The rating reflects our view of Mineola's:

- Limited local economy, 85 miles east of Dallas with a good mix of residential and commercial taxpayers and some focus on food processing;
- Consistently positive operating performance from growing revenue and conservative budgeting that has increased reserves during the past five years with additional increases projected;
- Adequate management with standard financial-management policies, practices under our Financial Management Assessment (FMA) methodology--focusing on increasing reserves and monitoring the budget to ensure positive fiscal year-end results, as well as taking steps to try and mitigate cybersecurity risks--and strong Institutional Framework score; and
- Weak debt profile with no additional plans and manageable pension costs.

Environmental, social, and governance

The rating incorporates our view of environmental, social, and governance (ESG) risks relative to Mineola's economy, management, financial measures, and debt-and-liability profile; we view all three as neutral in our credit analysis.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that finances will likely remain adequate or strong and that budgetary flexibility will likely remain very strong during the next two years due to conservative budget assumptions and a lack of plans to reduce reserves intentionally.

Downside scenario

We could lower the rating if finances or reserves were to weaken materially or if additional debt were to further weaken stable finances.

Upside scenario

Assuming all other credit factors remain stable or improve, we could raise the rating if key economic metrics were to continue to improve.

	Most recent	--Historical information--		
		2021	2020	2019
Mineola, Texas key credit metrics				
Weak economy				
Projected per capita effective buying income (EBI) (%) of U.S.	72.7			
Market value per capita (\$)	80,308			
Population		4,705	4,700	4,722
County unemployment rate(%)	4.5			
Market value (\$000)	377,850	289,957		
10 largest taxpayers as a % of taxable value	18.3			
Strong budgetary performance				
Operating fund result as a % of expenditures		5.6	2.3	(1.9)
Total governmental fund result as a % of expenditures		16.3	0.6	(0.5)
Very strong budgetary flexibility				
Available reserves as a % of operating expenditures		40.6	27.3	25.3
Total available reserves (\$000)		1,919	1,339	1,156
Very strong liquidity				
Total government cash % of governmental fund expenditures		144.1	137.7	140.9
Total government cash % of governmental fund debt service		1,761.1	1,752.2	1,736.1
Adequate management				
Financial Management Assessment	Standard			
Weak debt and long-term liabilities				
Debt service as a % of governmental fund expenditures		8.2	7.9	8.1
Net direct debt as a % of governmental fund revenue	190.0			
Overall net debt as a % of market value	3.2			
Direct debt 10-year amortization (%)	73.6			
Required pension contribution as a % of governmental fund expenditures		4.3		
Other postemployment benefits actual contribution as a % of governmental fund expenditures		0		
Strong Institutional Framework				

Data points and ratios may reflect analytical adjustments.

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015

- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- 2022 Update Of Institutional Framework For U.S. Local Governments
- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Ratings Detail (As Of July 7, 2023)		
Mineola GO (AGM) <i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Mineola GO (AGM) <i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Mineola GO (BAM) <i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Bond Buyer's Index of 20 Municipal Bonds



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MONTH	WEEK	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
January	1	5.24	4.25	5.08	3.83	3.68	4.75	3.42	3.45	3.78	3.44	4.09	2.73	2.17	2.12	3.66
	2	5.02	4.31	5.39	3.62	3.60	4.68	3.29	3.45	3.72	3.54	4.20	2.63	2.21	2.19	3.45
	3	4.80	4.31	5.41	3.60	3.53	4.55	3.36	3.37	3.83	3.52	4.19	2.56	2.21	2.25	3.33
	4	5.13	4.30	5.25	3.68	3.54	4.50	3.36	3.38	3.87	3.59	4.23	2.54	2.14	2.33	3.37
	5	5.16	4.39			3.67	4.48					4.22	2.47			
February	1	4.96	4.36	5.25	3.60	3.68	4.46	3.49	3.30	3.87	3.72	4.23	2.53	2.14	2.32	3.39
	2	4.89	4.34	5.29	3.70	3.72	4.46	3.60	3.27	3.88	3.73	4.24	2.51	2.10	2.41	3.51
	3	4.89	4.38	5.10	3.65	3.74	4.44	3.62	3.27	3.94	3.84	4.23	2.46	2.17	2.54	3.65
	4	4.87	4.36	4.95	3.69	3.74	4.38	3.62	3.34	3.92	3.86	4.19	2.27	2.44	2.51	3.75
March	1	4.96	4.34	4.90	3.72	3.86	4.41	3.68	3.34	3.95	3.85	4.09	2.31	2.44	2.53	3.75
	2	5.03	4.33	4.91	3.84	4.00	4.47	3.62	3.42	4.02	3.88	4.04	2.57	2.35	2.33	3.73
	3	4.98	4.32	4.86	3.95	3.99	4.51	3.52	3.40	4.02	3.89	3.92	2.72	2.40	2.53	3.57
	4	5.00	4.44	4.91	4.01	3.99	4.43	3.52	3.38	3.91	3.90	3.79	2.27	2.35	2.67	3.57
	5				4.02					3.38	3.86	3.89			2.73	3.50
April	1	4.92	4.44	5.00	4.08	3.96	4.44	3.49	3.28	3.83	3.90	3.88	2.84	2.34	2.87	3.36
	2	4.92	4.45	5.04	3.97	3.93	4.32	3.49	3.30	3.77	3.85	3.85	2.49	2.30	3.01	3.32
	3	4.78	4.43	5.06	3.90	3.89	4.32	3.45	3.28	3.71	3.87	3.86	2.25	2.26	3.19	3.56
	4	4.57	4.37	4.98	3.86	3.90	4.33	3.52	3.32	3.82	3.97	3.79	2.36	2.26	3.21	3.53
	5			4.86				3.62					2.56	2.27		
May	1	4.70	4.37	4.69	3.81	3.77	4.33	3.74	3.32	3.82	3.89	3.73	2.60	2.25	3.27	3.53
	2	4.62	4.29	4.61	3.71	3.67	4.31	3.74	3.32	3.81	3.88	3.63	2.48	2.28	3.37	3.53
	3	4.54	4.32	4.55	3.75	3.61	4.26	3.81	3.26	3.73	3.95	3.57	2.37	2.26	3.47	3.59
	4	4.44	4.27	4.53	3.81	3.70	4.28	3.73	3.26	3.69	3.90	3.56	2.16	2.20	3.16	3.74
	5	4.61	4.28		3.77	3.84	4.29					3.78	3.51			
June	1	4.71	4.28	4.51	3.92	3.93	4.37	3.81	3.26	3.61	3.88	3.48	2.16	2.18	3.03	3.67
	2	4.86	4.37	4.49	3.95	4.16	4.37	3.87	3.03	3.53	3.92	3.52	2.19	2.07	3.16	3.67
	3	4.86	4.40	4.49	3.95	4.37	4.36	3.79	2.99	3.53	3.87	3.51	2.21	2.09	3.57	3.67
	4	4.79	4.40	4.46	3.95	4.63	4.29	3.80	2.90	3.53	3.87	3.50	2.21	2.16	3.54	3.65
	5								2.85	3.58					3.54	3.65
July	1	4.81	4.38	4.59	3.94	4.39	4.31	3.85	2.80	3.60	3.86	3.49	2.21	2.14	3.37	3.64
	2	4.71	4.36	4.65	3.83	4.55	4.38	3.76	2.80	3.61	3.85	3.46	2.19	2.04	3.34	
	3	4.68	4.37	4.51	3.75	4.52	4.36	3.82	2.87	3.51	3.83	3.46	2.12	2.04	3.36	
	4	4.69	4.26	4.46	3.61	4.77	4.29	3.75	2.85	3.52	3.90	3.43	2.10	2.03	3.27	
	5	4.69	4.21	4.47			4.33	3.75					2.09	2.04		
August	1	4.65	4.16	4.19	3.66	4.70	4.31	3.75	2.85	3.50	3.95	3.42	2.02	2.04	3.21	
	2	4.65	4.06	3.97	3.75	4.73	4.24	3.69	2.85	3.52	3.98	3.22	2.05	2.14	3.27	
	3	4.58	4.03	3.83	3.80	4.80	4.21	3.73	2.84	3.57	3.95	3.10	2.15	2.14	3.44	
	4	4.53	3.88	4.09	3.76	4.91	4.17	3.79	2.84	3.53	3.94	3.07	2.20	2.14	3.59	
	5				3.72	4.96				3.51	3.96	2.97				
September	1	4.37	3.86	4.14	3.73	5.03	4.09	3.82	2.84	3.49	3.98	2.97	2.22	2.14	3.64	
	2	4.33	3.92	4.05	3.79	4.93	4.14	3.82	2.83	3.56	4.06	2.85	2.22	2.15	3.73	
	3	4.20	3.89	4.07	3.72	4.66	4.17	3.78	2.96	3.60	4.15	2.76	2.22	2.14	3.81	
	4	4.04	3.83	3.85	3.67	4.53	4.11	3.71	2.98	3.64	4.18	2.66	2.21	2.15	3.89	
	5			3.93					3.06				2.21	2.26		
October	1	3.94	3.84	4.14	3.61	4.53	4.11	3.67	3.20	3.63	4.24	2.62	2.25	2.27	4.02	
	2	4.06	3.84	4.17	3.64	4.57	4.01	3.68	3.28	3.61	4.37	2.59	2.35	2.28	3.86	
	3	4.32	3.82	4.08	3.68	4.68	3.87	3.68	3.28	3.53	4.35	2.70	2.35	2.28	3.84	
	4	4.31	3.84	4.12	3.68	4.56	3.90	3.67	3.32	3.65	4.30	2.75	2.37	2.25	3.87	
	5	4.39	3.96			4.48	3.90	3.66				2.79	2.34		4.16	
November	1	4.41	4.02	4.02	3.67	4.56	3.98	3.69	3.27	3.67	4.33	2.86	2.24	2.23	4.06	
	2	4.40	4.24	4.02	3.55	4.64	3.98	3.74	3.52	3.49	4.36	2.85	2.28	2.10	4.02	
	3	4.35	4.72	4.09	3.41	4.60	3.93	3.65	3.75	3.52	4.30	2.79	2.19	2.13	3.75	
	4	4.33	4.60	4.07	3.37	4.61	3.94	3.65	3.80	3.51	4.26	2.77	2.13	2.11	3.72	
	5			3.29						3.59	4.22					
December	1	4.24	4.65	4.12	3.27	4.70	3.83	3.57	4.03	3.29	4.12	2.77	2.13	2.05	3.65	
	2	4.19	4.86	3.93	3.44	4.74	3.65	3.57	3.78	3.41	4.18	2.74	2.13	2.05	3.63	
	3	4.18	5.15	3.92	3.64	4.73	3.65	3.57	3.88	3.56	4.11	2.74	2.12	2.05	3.59	
	4	4.21	5.00	3.92	3.58	4.73	3.65	3.57	3.83	3.44	4.10	2.74	2.12	2.06	3.66	
	5		4.95	3.88				3.56		3.78			2.12		3.72	

The Bond Buyer's 20-Bond Index is determined by a poll taken of several investment banks each week of the 20 year yield of outstanding general obligation bonds from a select group of municipalities across the nation with an average credit rating of "AA".

Bond Buyer's Index



— BBI - - - Average

Name MINEOLA, CITY OF		5) More	State TX	Orders	07/10/23 10:00	Status Final		
6) Summary		Underwriter: D.A. DAVIDSON & CO.						
Amount	2,920,000		12) Attachments					
Sale Date	07/10/23	00:00	Maturity	Amt(M)	Coupon	Yield	Price	Sprd
Sale Type	Negotiated		08/01/24	360	5.000	3.630	101.307	55
Sec Type	General Obligation Limited		08/01/25	375	5.000	3.530	102.787	57
Dated Date	08/01/23		08/01/26	395	5.000	3.420	104.440	59
1st Coupon	02/01/24		08/01/27	415	5.000	3.350	106.100	63
1st Settle	08/08/23		08/01/28	435	5.000	3.330	107.605	66
Fed Tax	BQ	ST TaxN	08/01/29	460	5.000	3.340	108.931	68
Accrue from	Dated Date	Day Cnt 30/360	08/01/30	480	5.000	3.320	110.390	70
Form	Book Entry Cpn Freq Semi-A...							
7) Schedules Summary								
Prem Call								
Par Call								
Put Date								
8) Insurance & Ratings								
Moody's	Underlying							
S&P	Undl A+	Outl						
Fitch	Undl	Outl						

TAB 3

CITY OF MINEOLA
(Wood County, Texas)

Tax Notes, Series 2023

Sources and Uses of Funds - FINAL

July 10, 2023

Sources of Funds:

Note Proceeds:	\$ 2,920,000.00
Premium on Notes:	182,045.80
Accrued Interest:	<u>2,838.89</u>
	\$ 3,104,884.69

Uses of Funds:

Deposit to Project Fund:	\$ 3,000,000.00
Deposit to Debt Service Fund:	6,649.61
Costs of Issuance:	72,000.00
Underwriter's Discount:	<u>26,235.08</u>
	\$ 3,104,884.69



CITY OF MINEOLA
(Wood County, Texas)

Tax Notes, Series 2023

Debt Service Schedule - FINAL

July 10, 2023

FiscYear Ending	Existing Debt Service				Tax Notes, Series 2023					New Debt Service			
	Tax Supp	W&S Supp	Sales Tax	Total	Principal	Int.Rate	Yield	Interest	Total	Tax Supp	W&S Supp	Sales Tax	Total
9/30/2023	\$ 251,363	\$ 1,200,978	\$ 275,038	\$ 1,727,378						\$ 251,363	\$ 1,200,978	\$ 275,038	\$ 1,727,378
9/30/2024	249,825	1,203,729	271,225	1,724,779	\$ 360,000	5.000%	3.630%	\$ 146,000	\$ 506,000	502,825	1,203,729	524,225	2,230,779
9/30/2025	251,925	1,202,245	273,625	1,727,795	375,000	5.000%	3.530%	128,000	503,000	503,425	1,202,245	525,125	2,230,795
9/30/2026	253,800	999,191	275,800	1,528,791	395,000	5.000%	3.420%	109,250	504,250	505,925	999,191	527,925	2,033,041
9/30/2027	251,700	1,005,600	271,500	1,528,800	415,000	5.000%	3.350%	89,500	504,500	503,950	1,005,600	523,750	2,033,300
9/30/2028	255,000	1,003,624	272,800	1,531,424	435,000	5.000%	3.330%	68,750	503,750	506,875	1,003,624	524,675	2,035,174
9/30/2029	250,350	1,017,975	276,250	1,544,575	460,000	5.000%	3.340%	47,000	507,000	503,850	1,017,975	529,750	2,051,575
9/30/2030	249,300	1,015,975	275,500	1,540,775	480,000	5.000%	3.320%	24,000	504,000	501,300	1,015,975	527,500	2,044,775
9/30/2031	255,450	1,022,000	271,950	1,549,400						255,450	1,022,000	271,950	1,549,400
9/30/2032	253,500	1,015,600	275,700	1,544,800						253,500	1,015,600	275,700	1,544,800
9/30/2033		1,018,200	200,200	1,218,400							1,018,200	200,200	1,218,400
9/30/2034		1,019,400	198,600	1,218,000							1,019,400	198,600	1,218,000
9/30/2035		514,200	196,800	711,000							514,200	196,800	711,000
9/30/2036		517,800	194,800	712,600							517,800	194,800	712,600
9/30/2037		520,600	197,600	718,200							520,600	197,600	718,200
9/30/2038		297,600		297,600							297,600		297,600
9/30/2039		292,800		292,800							292,800		292,800
9/30/2040		292,800		292,800							292,800		292,800
9/30/2041		297,400		297,400							297,400		297,400
9/30/2042		296,400		296,400							296,400		296,400
	\$ 2,522,213	\$15,754,117	\$ 3,727,388	\$22,003,717	\$ 2,920,000			\$ 612,500	\$ 3,532,500	\$ 4,288,463	\$ 15,754,117	\$ 5,493,638	\$ 25,536,217

Notes: The Certificates shown above are dated August 1, 2023 and delivered on August 8, 2023.
Principal on the Certificates is due on August 1 of each year.
Interest is payable on February 1 and August 1, beginning February 1, 2024..
It is anticipated that 50.00% of the Series 2023 Tax Notes will be repaid from surplus sales tax revenues.
True Interest Cost is computed at 3.5900%.



CITY OF MINEOLA
(Wood County, Texas)

Tax Notes, Series 2023

Bond Production Report - FINAL

July 10, 2023

Due	Principal	Int.Rate	Yield	Price	Production
8/1/2024	\$ 360,000.00	5.000%	3.630%	101.307	\$ 4,705.20
8/1/2025	375,000.00	5.000%	3.530%	102.787	10,451.25
8/1/2026	395,000.00	5.000%	3.420%	104.440	17,538.00
8/1/2027	415,000.00	5.000%	3.350%	106.100	25,315.00
8/1/2028	435,000.00	5.000%	3.330%	107.605	33,081.75
8/1/2029	460,000.00	5.000%	3.340%	108.931	41,082.60
8/1/2030	480,000.00	5.000%	3.320%	110.390	49,872.00
	\$ 2,920,000.00				\$ 182,045.80



CITY OF MINEOLA
(Wood County, Texas)

Tax Notes, Series 2023

Costs of Issuance Budget

July 10, 2023

Financial Advisor:	\$ 37,500.00
Bond Counsel (incl exp):	14,000.00
Attorney General Fee:	3,000.00
S&P Rating Fee:	14,250.00
POS Print & Ship:	750.00
POS Posting Fee:	750.00
Paying Agent Fee	500.00
Misc	<u>1,250.00</u>
	<u>\$ 72,000.00</u>



TAB 4

PRELIMINARY OFFICIAL STATEMENT
Dated: July 3, 2023

In the opinion of Bond Counsel, under existing law, interest on the Notes is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, subject to the matters described in "TAX MATTERS" herein.

The Notes will be designated as "qualified tax-exempt obligations" for financial institutions

CITY OF MINEOLA, TEXAS
(Wood County)

\$3,000,000*
Tax Notes, Series 2023

Dated Date: August 1, 2023

Due: August 1, as shown on page ii

The City of Mineola, Texas (the "City" or "Issuer") \$3,000,000* Tax Notes, Series 2023 (the "Notes") are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), particularly Chapter 1431 of the Texas Government Code, as amended, to be adopted on July 10, 2023 (referred to herein as the "Ordinance"). (See "THE NOTES - Authority for Issuance" herein.)

The Notes constitute direct obligations of the Issuer payable from an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City. (See "THE NOTES - Security for Payment" herein.)

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

Proceeds from the sale of the Notes will be used for (i) the purchase of fire equipment, (ii) street improvements; and (iii) professional services rendered in connection therewith. (See "THE NOTES – Use of Proceeds" herein.)

The Notes are not subject to redemption prior to their stated maturity. (See "THE NOTES – No Optional Redemption" herein.)

MATURITY SCHEDULE
(See Page ii)

The Notes are offered for delivery when, as and if received by the underwriter as defined below (the "Underwriter"), subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel. Certain matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. It is expected that the Notes will be available for delivery through DTC on or about August 8, 2023.

D.A. DAVIDSON & CO.

*Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor there any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

CITY OF MINEOLA, TEXAS
\$3,000,000 TAX NOTES, SERIES 2023
MATURITY SCHEDULE*
(Due August 1)
Base CUSIP Number: 602771 ⁽¹⁾

<u>Stated Maturity (August 1)</u>	<u>Principal Amount *</u>	<u>Interest Rate (%)</u>	<u>Initial Yield (%)</u>	<u>CUSIP Suffix⁽¹⁾</u>
2024	\$ 370,000			
2025	385,000			
2026	405,000			
2027	425,000			
2028	450,000			
2029	470,000			
2030	495,000			

(Interest to accrue from the Dated Date)

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the City, its Financial Advisor or the Underwriter are responsible for the selection or correctness of the CUSIP numbers set forth herein.

*Preliminary; subject to change.

**CITY OF MINEOLA, TEXAS
300 Greenville Highway
Mineola, Texas 75773
(903) 569-6183**

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Occupation</u>
Jayne Lankford	Mayor	May, 2025	Retired Mail Carrier
Sue N. Jones	Mayor Pro Tem	May, 2024	Retired School Teacher
Eric Carrington	Council Member	May, 2024	Electric Utility Designer
Mitchell Tuck	Council Member	May, 2025	Processor for Pipe Manufacturer
Cassandra Sampson	Council Member	May, 2024	Community Volunteer
Terry Eaton	Council Member	May, 2025	Retired Engineer
Jack Newman	Council Member	May, 2025	Retired Police Officer

ADMINISTRATION

<u>Name</u>	<u>Position</u>	<u>Length of Service With the City</u>
Mercy Rushing	City Manager	24 years
Cindy Karch	City Secretary / Finance Director	8 years

CONSULTANTS AND ADVISORS

Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Certified Public Accountants	BrooksWatson & Co. Houston, Texas
Financial Advisor	Hilltop Securities Inc. Dallas, Texas

For Additional Information Please Contact:

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Mr. John L. Martin, Jr.
Michael P. Martin
Hilltop Securities Inc.
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Dallas, Texas 75201
(214) 859-9447
john.martin@hilltopsecurities.com
michael.martin@hilltopsecurities.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"), this document constitutes a Preliminary Official Statement of the City with respect to the Notes that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness of such information. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

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

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

NONE OF THE CITY, ITS FINANCIAL ADVISOR OR THE UNDERWRITER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS PRELIMINARY OFFICIAL STATEMENT REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM.

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

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

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City.

The prices and other terms respecting the offering and sale of the Notes may be changed from time to time by the Underwriter after such Notes are released for sale, and the Notes may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Notes into investment accounts.

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

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

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

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer	The City of Mineola, Texas (the “City” or “Issuer”), is located in Wood County. The City operates pursuant to the aldermanic form of government. Under this form of government, the elected City Council sets the policies for the operation of the municipal government. The City Council consists of a Mayor and six Councilmembers.
Paying Agent/Registrar	The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Dallas, Texas.
Security	The Notes constitute direct obligations of the Issuer payable from an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City (See “THE NOTES - Security for Payment” herein.)
Redemption Provisions	The Notes are not subject to redemption prior to their stated maturity.
Tax Exemption	In the opinion of Bond Counsel, under existing law, interest on the Notes is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, subject to the matters described in “TAX MATTERS” herein.
Qualified Tax-Exempt Obligations	The Notes will be designated as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions” herein.
Use of Proceeds	Proceeds from the sale of the Notes will be used for (i) the purchase of fire equipment, (ii) street improvements; and (iii) professional services rendered in connection therewith. (See “THE NOTES – Use of Proceeds” herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”), New York, New York described herein. No physical delivery of the Notes will be made to the beneficial owners of the Notes. Such Book-Entry-Only System may affect the method and timing of payments on the Notes and the manner the Notes may be transferred. (See “BOOK-ENTRY-ONLY SYSTEM” herein.)
Ratings	S&P Global Ratings, a division of S&P Global Inc. (“S&P”) has assigned their credit rating of “_____” to the Notes. An explanation of the significance of any rating may be obtained from the rating agency (See “OTHER PERTINENT INFORMATION-Ratings” herein.)
Payment Record	The City has not defaulted in repayment of any of its bonded indebtedness.
Delivery	When issued, it is anticipated the Notes will be available for delivery through DTC on or about August 8, 2023.
Legality	Delivery of the Notes is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion by Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas in substantially the form attached hereto as Appendix C.

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Mineola, Texas (the "City" or "Issuer"), of its \$3,000,000* Tax Notes, Series 2023 (the "Notes").

The Issuer is a political subdivision of the State of Texas (the "State") and operates under the laws and the statutes and the Constitution of the State of Texas. The Notes are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), particularly Chapter 1431 of the Texas Government Code, as amended, and a note order expected to be adopted by the City Council on July 10, 2023 (referred to herein as the "Ordinance"). (See "THE NOTES - Authority for Issuance" herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the Notes and certain information about the Issuer and its finances. **ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT.** Copies of such documents may be obtained from the Issuer or the Financial Advisor.

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

THE NOTES

General

The Notes will be dated August 1, 2023 (the "Dated Date"). The Notes are stated to mature on August 1 in the years and in the principal amounts set forth on page ii hereof. The Notes shall bear interest from the Dated Date on the unpaid principal amounts, and the amount of interest to be paid each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Notes will be payable on February 1 and August 1 of each year, commencing February 1, 2024, until maturity. Interest on the Notes shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar, initially U.S. Bank Trust Company, National Association, Dallas, Texas, (the "Paying Agent/Registrar") at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Notes will be paid to the registered owner at their stated maturity upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Notes, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for any payment on the Notes 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.

Authority for Issuance

The Notes are being issued pursuant to the Constitution and laws of the State, particularly Chapter 1431, Texas Government Code, as amended, and the Ordinance.

Security for Payment

The Notes constitute direct obligations of the Issuer payable from a combination of the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City. (See "AD VALOREM TAX PROCEDURES" herein).

Tax Rate Limitation

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. The City is a Type A general law municipality operating under the general laws of the State as authorized by Article XI, Section 4 of the Texas Constitution, which limits the maximum tax rate to \$1.50 per \$100 Taxable Assessed Valuation for all City purposes. Administratively, the Attorney General of the State will permit allocation of up to \$1.00 of the \$1.50 maximum tax rate for all ad valorem tax-supported debt, calculated at the time of issuance and based on 90% tax collection factor.

*Preliminary; subject to change.

No Optional Redemption

The Notes are not subject to redemption prior to their stated maturity.

Limitation on Transfer or Exchange of Notes

The Paying Agent/Registrar is not required to transfer or exchange any Certificate during the period commencing with the close of business on any Record Date immediately preceding a principal or interest payment date for such Notes and ending with the opening of business on the next following such principal or interest payment date.

Use of Proceeds

Proceeds from the sale of the Notes will be used for (i) the purchase of fire equipment, (ii) street improvements; and (iii) professional services rendered in connection therewith.

Payment Record

The City has never defaulted in repayment of its bonded indebtedness.

Legality

The Notes are offered for delivery when, as and if issued, subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion by Norton Rose Fulbright US LLP, Dallas, Texas ("Bond Counsel") in substantially the form attached hereto as Appendix C. The legal opinion of Bond Counsel will accompany or will be printed on the Notes.

Defeasance

The City reserves the right to defease the Notes in any manner now or hereafter allowed by Texas law.

Defaults and Remedies

The Ordinance does not specify events of default with respect to the Notes. If the City defaults in the payment of principal, interest or redemption price in the Notes when due or defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Ordinance, the Holder or Holders of any Certificate may be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in the Ordinance. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. The enforcement of such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. There is no acceleration of maturity of the Notes in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interests of the noteholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that 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. The Texas Supreme Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Notes may not be able to bring such a suit against the City for breach of the Notes or Ordinance covenants. 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. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Notes 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 creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and Notes are qualified with respect to the customary rights of debtors relative to their creditors.

Sources and Uses of Funds

The proceeds from the sale of the Notes will be applied approximately as follows:

<u>Sources of Funds</u>	<u>Amount</u>
Par Amount:	
Net Premium:	
Accrued Interest:	
Total Sources of Funds	_____
	=====
<u>Uses of Funds</u>	
Deposit to Project Fund:	
Deposit to Debt Service Fund:	
Costs of Issuance:	
Underwriter's Discount:	
Total Uses of Funds	_____
	=====

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Dallas, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a national or state banking institution, shall be an association or a corporation organized and doing business under the laws of the United States America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and shall be authorized by law to serve as a Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Notes, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Notes by United States mail, first-class, postage prepaid.

In the event the Book-Entry-Only System should be discontinued, interest on the Notes will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Notes will be paid to the registered owner at the 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 Notes is 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 will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due. So long as Cede & Co. is the registered owner of the Notes, principal and interest on the Notes will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

Record Date

The record date ("Record Date") for interest payable to the registered owner of a Certificate on any interest payment date means the fifteenth calendar day of the month next preceding such interest payment date. (See "Special Record Date for Interest Payment" herein.)

Special Record Date for Interest Payment

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

Registration

The Notes are initially to be issued utilizing the Book-Entry-Only System of DTC. In the event such Book-Entry-Only System should be discontinued, printed Notes will be delivered and thereafter, the Notes may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer will be without expense or service charge to the registered owner, except

for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate will be delivered by the Paying Agent/Registrar in lieu of the Notes being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. To the extent possible, new Notes issued in an exchange or transfer of Notes will be delivered to the registered owner or assignee of the registered owner not more than three (3) business days after the receipt of the Certificate to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Notes registered and delivered in an exchange or transfer will be in denominations of \$5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Certificate surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be initially utilized in regard to ownership and transferability of the Notes.)

Replacement Notes

In the Ordinance, provision is made for the replacement of mutilated, destroyed, lost, or stolen Notes upon surrender of the mutilated Notes to the Paying Agent/Registrar, or the receipt of satisfactory evidence of destruction, loss, or theft, and the receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

BOOK-ENTRY-ONLY SYSTEM

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

The Issuer and the Underwriter cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Notes, 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 Notes), or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), 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 Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each stated maturity of the Notes, in the aggregate principal amount of each 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 certificated securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

Principal and interest payments on the Notes 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 Issuer or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical Notes will be printed and delivered. (See "REGISTRATION, TRANSFER, AND EXCHANGE" herein.)

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the Underwriter believes to be reliable, but neither the Issuer nor the Underwriter take responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Notes 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 Direct or Indirect Participant acquires an interest in the Notes, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

INVESTMENT POLICIES

The City invests its investable funds (including bond proceeds and money pledged to the payment of or as security for bonds or other indebtedness issued by the City or obligations under a lease, installment sale, or other agreement of the City) in investments authorized by Texas law in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

Legal Investments

Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other

obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized U.S. government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The City may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the City may not invest more than 15 percent of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the City may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required to liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

Investment Policies

Under State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City must adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City's investments 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." The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

Current Investments

On May 31, 2023, the City had \$8,805,841.45 invested as follows:

TexPool Consolidated Funds	\$ 6,191,243.65
TexPool MEDC	1,007,306.79
LOGIC	1,007,291.01
Certificate of Deposit	600,000.00

DEFINED BENEFIT PENSION PLAN

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

For more detailed information concerning the benefits provided, contributions and net pension liability in connection with the Defined Benefit Pension Plan, see Appendix D, "Notes to the Basic Financial Statements from the City's Annual Financial Report", Note D, Page 59.

OTHER POST EMPLOYMENT BENEFITS

In addition to its participation in the Texas Municipal Retirement System (TMRS) and a retiree health care plan, the City also provides group-term life insurance, the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), to City employees who are active members in TMRS, including or not including retirees.

This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated). The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

For more detailed information concerning the benefits provided, contributions and net pension liability in connection with the Defined Benefit Pension Plan, see Appendix D, "Notes to the Basic Financial Statements from the City's Annual Financial Report", Note III, Page 39.

AD VALOREM TAX PROCEDURES

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

Valuation of Taxable Property

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

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

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See Table 1 for the reduction in taxable valuation attributable to valuation by Productivity Value.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the Issuer, in establishing their tax rolls and tax rates.

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

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

Local Option Freeze for the Elderly and Disabled

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded. See Table 1 for the reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled.

Personal Property

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

Freeport Exemptions

Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See Table 1 for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

Other Exempt Property

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

Tax Increment Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value", and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions described above are applied by the City, see "AD VALOREM TAX PROCEDURES – City Application of Tax Code" herein.

Public Hearing and Maintenance and Operations Tax Rate Limitations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax supported debt, within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$1.50 per \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.00 of the \$1.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance based on a 90% tax collection rate.

Penalties and Interest

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

<u>Month</u>	<u>Cumulative Penalty</u>	<u>Cumulative Interest</u>	<u>Total</u>
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 accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney’s collection fee of up to 20% 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.

The City’s Rights in the Event of Tax Delinquencies

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

City Application of Tax Code

The City previously granted a local exemption of \$6,000 to the market value of the residence homestead of persons 65 years of age or older; however, the City Council repealed such exemption effective January 1, 2023.

The City does not grant an additional exemption of up to 20% for residence homesteads.

The City taxes only business personal property.

Mineola Independent School District collects property taxes for the City.

The City permits split payments but does not allow discounts.

The City does freeze taxes on residence homesteads of persons 65 years of age or who are disabled, effective January 1, 2022.

The City does not participate in a TIRZ.

The City currently has four abatements under agreement with a total abated amount of \$41,135,035 for fiscal year ending in 2021. The last abatement will expire in 2030.

TAX MATTERS

Tax Exemption

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes 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. A form of Bond Counsel's opinion is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

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

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 Notes is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Notes 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 Notes, the City may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes 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 Notes. Prospective purchasers of the Notes should be aware that the ownership of Notes such as the Notes 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, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("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.

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

Existing law may change to reduce or eliminate the benefit to noteholders of the exclusion of interest on the Notes 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 Notes. Prospective purchasers of the Notes should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Notes

The initial public offering price of certain Notes (the "Discount Notes") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Note (assuming that a substantial amount of the Discount Notes 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 Note. A portion of such original issue discount allocable to the holding period of such Discount Note by the initial purchaser will, upon the disposition of such Discount Note (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 Notes 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 Note, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Note 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 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, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Note by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Note in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Note was held) is includable in gross income.

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

The purchase price of certain Notes (the "Premium Notes") paid by an owner may be greater than the amount payable on such Notes at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Note the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Note in the hands of such 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 Note. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity.

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

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this interest disallowance rule for interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are designated by an issuer. An issuer may designate obligations as "qualified tax exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The City will designate the Notes as "qualified tax-exempt obligations" and certify its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Notes will not be subject to the 100% disallowance of interest expense allocable to interest on the Notes under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Notes will be reduced by 20% pursuant to section 291 of the Code.

LEGAL MATTERS

The City will furnish a complete transcript of proceedings incident to the authorization and issuance of the Notes, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Notes 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 interest on the Notes 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. The form of such opinion of Bond Counsel is attached hereto as Appendix C.

Except as noted below, Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect hereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions or subcaptions "THE NOTES" (except under the subcaptions "Use of Proceeds", "Payment Record", "Defaults and Remedies," and "Sources and Uses of Funds"), "REGISTRATION, TRANSFER AND EXCHANGE," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Agreements"), "LEGAL MATTERS" (except for the last sentence of the second paragraph), and the subcaptions "Registration and Qualification of Notes for Sale" and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "OTHER PERTINENT INFORMATION", and such firm is of the opinion that the information relating to the Notes and legal matters contained in the Official Statement under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Notes, such information conforms to the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Notes is contingent on the sale and delivery of the Notes. The legal opinion will accompany the Notes deposited with DTC or will be printed on the Notes in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP.

The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinion 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.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Notes. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Notes unless it amends or repeals the agreement as described below. 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 (the "MSRB"). This information will be available free of charge from the MSRB's Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org.

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via EMMA at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1-9 in Appendix A (the "Updated Tables"), and the information in Appendix D. The City will update and provide the information in the Updated Tables within six months after the end of each fiscal year ending in and after 2023. If the City does not provide audited financial statements with such financial information and operating data, the City will provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2023. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The 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 website identified below 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, it must provide the Updated Tables by the last day of March in each year and audited financial statements, or unaudited financial statements if audited financial statements are not yet available, must be provided by September 30 of each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

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 Notes 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 Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, 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 a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, (A) any event described in clause (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 and (B) the City intends the words used in clauses (15) and (16) in the immediately preceding paragraph and the definition of financial obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information

In connection with its continuing disclosure agreement entered into with respect to the Notes, the City will file all required information and documentation with the MSRB in electronic format and with identifying information in accordance with MSRB guidelines. Access to such filings is available, without charge to the general public, by the MSRB at www.emma.msrb.org.

Limitations and Amendments

The City has agreed to update information and to provide notices of 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 Notes at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Notes may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreements from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions, as so amended, would have permitted an underwriter to purchase or sell the Notes in the primary offering of the Notes 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 (ii) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the ordinances that authorize such an amendment) of the outstanding Notes subject to the proposed amendment, as the case may be, 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 the Notes subject to the proposed amendment. The City may also amend or repeal the provisions of its 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 Notes in the primary offering of the Notes. If the City amends its agreements, it must include with the next financial information and operating data provided in accordance with its agreements 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 Agreements

During the past five years, the City has substantially complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER PERTINENT INFORMATION

Registration and Qualification of Notes for Sale

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

Litigation

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Government Code, as amended) provides that the Notes are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Notes by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, requires that the Notes be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION – Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Notes are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Notes are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their fair market value. No review has been made of the laws in other states to determine whether the Notes are legal investments for various institutions in those states.

No representation is made that the Notes will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Notes for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Notes for such purposes.

Ratings

S&P Global Ratings, a division of S&P Global Inc. ("S&P") has assigned their credit rating of "_____" to the Notes. An explanation of the significance of any rating may be obtained from S&P. A rating by S&P reflects only the view of such company at the time the rating is given, and the Issuer makes no representation as to the appropriateness of the rating. There is no assurance that such ratings will continue for any given period of time, or that they will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Notes.

Financial Advisor

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

Underwriting

The Underwriter has agreed, subject to certain conditions, to purchase the Notes from the City at the price of \$_____ (representing the principal amount of the Notes, less an Underwriter's discount of \$_____ and plus a premium of \$_____) plus accrued interest in accordance with the terms and provisions of the Purchase Contract entered into by the City and the Underwriter.

The Underwriter's obligations are subject to certain conditions precedent, and will be obligated to purchase all of the Notes if any Notes are purchased. The Notes may be offered and sold to certain dealers, and others at prices lower than such respective public offering prices and such respective public prices may be changed, from time to time, by the Underwriter.

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

Forward-Looking Statements Disclaimer

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

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials.

Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Authenticity of Financial Data and Other Information

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

AUDITED FINANCIAL STATEMENTS

The report of BrooksWatson & Co. relating to City's financial statements for the fiscal year ended September 30, 2021 is included in this Official Statement in Appendix D; however, BrooksWatson & Co. has not performed any procedures on such financial statements since the date of such report, and has not performed any procedures on any other financial information of the City, including without limitation any of the information contained in this Official Statement.

CONCLUDING STATEMENT

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

In the Ordinance, the City Council will authorize (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the Underwriter's use of this Official Statement in connection with the public offering and the sale of the Notes in accordance with the provisions of the Rule.

APPENDIX A

FINANCIAL INFORMATION OF THE CITY OF MINEOLA

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SUMMARY VALUATION AND DEBT INFORMATION

TABLE 1

2022 Market Value of Taxable Property		\$	481,573,826
Less Exemptions:			
Local Over 65	\$	2,921,300	
Veterans Exemption Loss		4,324,649	
Cap Loss		20,113,569	
House Bill 366		116,740	
Productivity Value Loss		3,750,661	
Tax Abatements		37,179,770	
Exempt Other		35,316,837	
2022 Net Taxable Assessed Valuation		\$	<u>377,850,300</u>
General Obligation Debt Principal Outstanding (as of May 31, 2023):			
Outstanding Debt		\$	16,652,000.00
The Notes *			<u>3,000,000.00</u>
Total Gross General Obligation Debt Outstanding:		\$	19,652,000.00
Less: Self-Supporting General Obligation Debt (See Table 9)		\$	<u>16,089,500.00</u>
Total Net General Obligation Debt Outstanding *:		\$	<u>3,562,500.00</u>
Ratio of Net General Obligation Debt to 2022 Net Assessed Valuation			0.94%
2023 Estimated Population			5,017
Per Capita 2022 Net Assessed Valuation -	\$		75,314
Per Capita Gross General Obligation Debt -	\$		3,917
Per Capita Net General Obligation Debt -	\$		710

Source: Wood County Appraisal District and the City

* Preliminary; subject to change.

HISTORICAL VALUATIONS, TAX RATES AND COLLECTION DATA

TABLE 2

Tax Year	Net Taxable Valuation	Tax Rate	Tax Levy	% Collections		Fiscal Year Ended
				Current	Total	
2018	\$ 249,630,346	\$ 0.5624	\$ 1,403,946	98.27%	98.27%	9/30/2019
2019	269,795,767	0.5624	1,463,623	97.33%	97.33%	9/30/2020
2020	289,956,706	0.5320	1,503,779	99.54%	99.54%	9/30/2021
2021	328,523,034	0.4820	1,583,481	96.45%	96.45%	9/30/2022
2022	377,850,300	0.5350	2,021,499	89.15%	89.15%	9/30/2023

Source: Wood County Appraisal District, Texas Comptroller of Public Accounts and The City

TAX RATE DISTRIBUTION

TABLE 3

	2022	2021	2020	2019	2018
General Fund	\$ 0.45232	\$ 0.40780	\$ 0.44430	\$ 0.46933	\$ 0.46722
I & S Fund	0.08268	0.07420	0.08770	0.09308	0.09519
TOTAL	\$ 0.53500	\$ 0.48200	\$ 0.53200	\$ 0.56241	\$ 0.56241

Source: Wood County Appraisal District

PRINCIPAL TAXPAYERS

TABLE 4

<u>Name</u>	<u>Type of Business</u>	<u>2022 Assessed Valuation</u>	<u>Valuation</u>
Benham & Company, Inc.	Food Processing	\$ 13,773,570	3.65%
Sanderson Farms Inc	Agriculture	13,506,710	3.57%
CMM Mineola LLC	Liability Company	8,087,450	2.14%
AOM Apartments LLC	Apartments	6,478,340	1.71%
AEP/Southwestern Elect. Power	Electric Utility	6,404,760	1.70%
Wal-Mart Property Tax Department	Real Estate	5,099,460	1.35%
Dow Autoplex	Automobile Dealership	4,663,230	1.23%
ETAS Metal Roof & Wall Systems	Roofing	3,967,770	1.05%
JCW McGhee LLC	Real Estate	3,650,750	0.97%
Wal-Mart Property Tax Department	Real Estate	3,528,700	0.93%
		<u>\$ 69,160,740</u>	<u>18.30%</u>

Information based on a 2022 Net Taxable Assessed Valuation of \$ 377,850,300

<u>Name</u>	<u>Type of Business</u>	<u>2021 Assessed Valuation</u>	<u>Valuation</u>
Benham & Company, Inc.	Food Processing	\$ 11,318,650	3.45%
Sanderson Farms Inc	Agriculture	10,814,270	3.29%
CMM Mineola LLC	Liability Company	9,166,811	2.79%
Wal-Mart Property Tax Department	Real Estate	5,632,480	1.71%
AOM Apartments LLC	Apartments	5,489,350	1.67%
AEP/Southwestern Elect. Power	Electric Utility	4,930,210	1.50%
ETAS Metal Roof & Wall Systems	Roofing	4,050,050	1.23%
Dow Autoplex	Automobile Dealership	3,918,260	1.19%
Suddenlink Communications	Technology	3,684,180	1.12%
Wal-Mart Property Tax Department	Real Estate	3,628,440	1.10%
		<u>\$ 62,632,701</u>	<u>19.06%</u>

Information based on a 2021 Net Taxable Assessed Valuation of \$ 328,523,034

<u>Name</u>	<u>Type of Business</u>	<u>2020 Assessed Valuation</u>	<u>Valuation</u>
CMM Mineola LLC	Liability Company	\$ 10,168,350	3.51%
Sanderson Farms Inc	Agriculture	10,072,920	3.47%
Benham & Company, Inc.	Food Processing	9,539,480	3.29%
Wal-Mart Property Tax Department	Real Estate	5,619,810	1.94%
Suddenlink Utilities	Technology	5,003,680	1.73%
Arbors of Mineola LLC	Apartments	4,680,740	1.61%
ETAS Metal Roof & Wall Systems	Roofing	4,398,860	1.52%
AEP/Southwestern Elect. Power	Electric Utility	4,246,360	1.46%
Dow Autoplex	Automobile Dealership	3,688,840	1.27%
Wal-Mart Property Tax Department	Real Estate	3,339,270	1.15%
		<u>\$ 60,758,310</u>	<u>20.95%</u>

Information based on a 2020 Net Taxable Assessed Valuation of \$ 289,956,706

Source: Wood County Appraisal District.

CLASSIFICATION OF ASSESSED VALUATION

TABLE 5

<u>Category</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Real, Residential	\$ 206,344,176	\$ 176,456,805	\$ 148,786,469
Real, Multi-Family	14,599,210	12,050,870	11,601,500
Real, Vacant Lots/Tracts	3,024,859	2,336,802	1,628,442
Qualified Ag Land	3,861,802	3,181,660	3,029,140
Non Qualified Ag Land	6,798,160	5,120,271	4,113,181
Real, Farm & Ranch Improvements	52,041	59,460	49,550
Real, Commercial & Industrial	121,064,141	109,765,994	96,179,282
Real & Intangible, Personal , Utilities	14,199,310	13,050,800	13,185,020
Commercial/Industrial Personal	61,750,790	55,702,690	50,337,340
Tang. Pers. Other (Mobile Homes)	729,950	597,130	359,330
Residential Inventory	186,410	99,000	-
Special Inventory	13,529,400	10,312,450	9,242,170
Exempt Value	35,433,577	37,320,999	30,439,763
Total Appraised Value	\$ 481,573,826	\$ 426,054,931	\$ 368,951,187
<u>Less Exemptions/Value Loss:</u>			
Local Over 65	\$ 2,921,300	\$ 2,867,920	\$ 2,865,320
Veterans Exemption Loss	4,324,649	3,235,214	2,598,541
Cap Loss	20,113,569	14,014,421	5,157,240
Tax Abatement	37,179,770	37,038,905	35,014,908
Exempt Other	35,316,837	37,309,219	30,425,273
HB 366	116,740	11,780	14,490
Productivity Value Loss	3,750,661	3,054,438	2,918,709
Total Exemptions	\$ 103,723,526	\$ 97,531,897	\$ 78,994,481
Net Taxable Valuation	<u>\$ 377,850,300</u>	<u>\$ 328,523,034</u>	<u>\$ 289,956,706</u>

Source: Wood County Appraisal District and Texas Comptroller of Public Accounts

ASSESSED VALUATION INCREASE/DECREASE

TABLE 6

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Increase (Decrease)</u>	
		<u>Since Prior Year Amount</u>	<u>Percent</u>
2018	\$ 249,630,346	\$ 8,923,949	3.71%
2019	269,795,767	20,165,421	8.08%
2020	289,956,706	20,160,939	7.47%
2021	328,523,034	38,566,328	13.30%
2022	377,850,300	49,327,266	15.01%

Source: Wood County Appraisal District and Texas Comptroller of Public Accounts

MUNICIPAL SALES TAX**TABLE 7**

The City has adopted the provisions of the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, 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 Notes. On January 20, 1996, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for economic development pursuant to Article 5190.6, Section 4B, Vernon's Annotated Texas Civil Statutes. Collection for the additional tax went into effect in September 1996. The sales tax for economic development is collected solely for the benefit of the City's 4B corporation, Mineola Economic Development Corporation, and may be pledged to secure payment of sales tax revenue bonds issued by the 4B Corporation.

Sales tax revenues typically fluctuate in direct proportion to changes in general and local economic conditions, especially when compared to changes in the ad valorem tax base. Sales tax revenues also tend to change more quickly than ad valorem tax base revenues in response to such economic changes.

A portion of the 4B sales tax revenues is being used to pay debt service on the City's outstanding General Obligation Refunding Bonds, Series 2017 and Combination Tax and Revenue Certificates of Obligation, Series 2017. See "COMPUTATION OF SELF-SUPPORTING DEBT BY SOURCE" herein.

<u>Calendar Year</u>	<u>Total Collected</u>	<u>1.00% General Fund</u>	<u>0.50% 4B Sales Tax</u>
2018	\$ 2,076,330	\$ 1,384,220	\$ 692,110
2019	2,218,199	1,478,799	739,400
2020	2,378,013	1,585,342	792,671
2021	2,614,522	1,743,015	871,507
2022	2,966,500	1,977,667	988,833
2023 *	1,524,787 *	1,016,525 *	508,262 *

* As of June 14, 2023

Source: Texas Comptroller of Public Accounts

GENERAL OBLIGATION BONDS AUTHORIZED BUT UNISSUED**TABLE 8**

None.

COMPUTATION OF SELF-SUPPORTING DEBT BY SOURCE**TABLE 9**

(Following issuance of the Notes)

Combination Tax and Revenue Certificates of Obligation, Series 2014	
Gross Balance Outstanding	\$ 3,960,000
% of Self Supporting Utility System	100%
% of Self Supporting Sales Tax	0%
Balance Supported by Utility System	\$ 3,960,000
Balance Supported by Sales Tax	\$ -
General Obligation Refunding Bonds, Series 2014	
Gross Balance Outstanding	\$ 195,000
% of Self Supporting Utility System	100%
% of Self Supporting Sales Tax	0%
Balance Supported by Utility System	\$ 195,000
Balance Supported by Sales Tax	\$ -
Combination Tax and Revenue Certificates of Obligation, Series 2017	
Gross Balance Outstanding	\$ 4,635,000
% of Self Supporting Utility System	53.72%
% of Self Supporting Sales Tax	46.28%
Balance Supported by Utility System	\$ 2,490,000
Balance Supported by Sales Tax	\$ 2,145,000
General Obligation Refunding Bonds, Series 2017	
Gross Balance Outstanding	\$ 2,750,000
% of Self Supporting Utility System	0%
% of Self Supporting Sales Tax	25%
Balance Supported by Utility System	\$ -
Balance Supported by Sales Tax	\$ 687,500
General Obligation Refunding Bonds, Series 2019	
Gross Balance Outstanding	\$ 1,137,000
% of Self Supporting Utility System	100%
% of Self Supporting Sales Tax	0%
Balance Supported by Utility System	\$ 1,137,000
Balance Supported by Sales Tax	\$ -
Combination Tax and Revenue Certificates of Obligation, Series 2022	
Gross Balance Outstanding	\$ 3,975,000
% of Self Supporting Utility System	100%
% of Self Supporting Sales Tax	0%
Balance Supported by Utility System	\$ 3,975,000
Balance Supported by Sales Tax	\$ -
Tax Notes, Series 2023 *	
Gross Balance Outstanding	\$ 3,000,000 *
% of Self Supporting Utility System	0% *
% of Self Supporting Sales Tax	50% *
Balance Supported by Utility System	\$ - *
Balance Supported by Sales Tax	\$ 1,500,000 *
Combined Totals	
Gross Balance Outstanding	\$ 19,652,000
% of Self Supporting Utility System	59.83%
% of Self Supporting Sales Tax	22.05%
Balance Supported by Utility System	\$ 11,757,000
Balance Supported by Sales Tax	\$ 4,332,500

*Preliminary; subject to change.

Source: The City

COMPUTATION OF SELF-SUPPORTING UTILITY SYSTEM DEBT**TABLE 10***(Includes the Notes)*

Net System Revenues Available, Fiscal Year End September 30, 2022	\$ 1,427,206
Debt Service on Utility System Revenue Bonds:	-
Balance Available for Other Purposes	<u>\$ 1,427,206</u>

Maximum Annual Debt Service for Self-Supporting Utility System Debt (2024) \$ 1,203,729

Source: The City. Unaudited 2022 figures.

COMPUTATION OF SELF-SUPPORTING SALES TAX REVENUE DEBT**TABLE 11**

Economic Development Sales Tax Revenues, Fiscal Year Ended September 30, 2022	\$ 653,179
Less: 2022 Expenditures of the Economic Development Fund	-
Balance Available for Other Purposes	<u>\$ 653,179</u>

Maximum Annual Debt Service for Self-Supporting Sales Tax Debt (2029)* \$ 535,375

Source: The City. Unaudited 2022 figures.

* Preliminary; subject to change.

CAPITALIZED LEASES**TABLE 12**

<u>Item Purchased</u>	<u>Original Amount</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding 5/30/2023</u>	<u>Final Due Date</u>
Fire Truck	\$ 57,175.88	4.50%	\$ 38,511.72	2/9/2026

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 13

Fisc Year 30-Sep	Current Total Debt Service	Series 2023 Notes *			Combined Debt Service*	Less: Self- Supporting Debt ^{(a)*}	Net General Obligation Debt Service*
		Principal	Interest	Total			
2023	\$ 1,727,378				\$ 1,727,378	\$ (1,476,015)	\$ 251,363
2024	1,724,779	\$ 370,000	\$ 150,000	\$ 520,000	2,244,779	(1,734,954)	509,825
2025	1,727,795	385,000	131,500	516,500	2,244,295	(1,734,120)	510,175
2026	1,528,791	405,000	112,250	517,250	2,046,041	(1,533,616)	512,425
2027	1,528,800	425,000	92,000	517,000	2,045,800	(1,535,600)	510,200
2028	1,531,424	450,000	70,750	520,750	2,052,174	(1,536,799)	515,375
2029	1,544,575	470,000	48,250	518,250	2,062,825	(1,553,350)	509,475
2030	1,540,775	495,000	24,750	519,750	2,060,525	(1,551,350)	509,175
2031	1,549,400				1,549,400	(1,293,950)	255,450
2032	1,544,800				1,544,800	(1,291,300)	253,500
2033	1,218,400				1,218,400	(1,218,400)	
2034	1,218,000				1,218,000	(1,218,000)	
2035	711,000				711,000	(711,000)	
2036	712,600				712,600	(712,600)	
2037	718,200				718,200	(718,200)	
2038	297,600				297,600	(297,600)	
2039	292,800				292,800	(292,800)	
2040	292,800				292,800	(292,800)	
2041	297,400				297,400	(297,400)	
2042	296,400				296,400	(296,400)	
	<u>\$ 22,003,717</u>	<u>\$ 3,000,000</u>	<u>\$ 629,500</u>	<u>\$ 3,629,500</u>	<u>\$ 25,633,217</u>	<u>\$ (21,296,254)</u>	<u>\$ 4,336,963</u>

^(a) See "COMPUTATION OF SELF SUPPORTING DEBT BY SOURCE - TABLE 9".

* Preliminary, subject to change.

Source: The City.

TAX ADEQUACY

TABLE 14

Including Self-Supporting Debt

2022 Net Assessed Valuation	\$ 377,850,300
Maximum Annual Debt Service Requirements (Fiscal Year Ending 2024) ^(a)	\$ 2,244,779
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.606217

^(a) Includes general obligation self-supporting debt. Includes the Notes. Preliminary, subject to change (See "TABLE 9 - COMPUTATION OF SELF-SUPPORTING DEBT BY SOURCE").

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

Excluding Self-Supporting Debt

2022 Net Assessed Valuation	\$ 377,850,300
Maximum Annual Debt Service Requirements(Fiscal Year Ending 2028) ^(a)	\$ 515,375
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.139180

^(a) Excludes general obligation self-supporting debt. Includes the Notes. Preliminary, subject to change (See "TABLE 9 - COMPUTATION OF SELF-SUPPORTING DEBT BY SOURCE").

Note: Above computation is exclusive of investment earnings, delinquent tax collections and penalties and interest on

Source: The City.

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

TABLE 15

Fiscal Year Ending 9/30	Outstanding Debt	The Notes *	Total *	Debt Unpaid at End of Year *	Percent of Principal Retired (%) *
2023	\$ 1,083,000		\$ 1,083,000	\$ 18,569,000	5.51%
2024	1,150,000	\$ 370,000	1,520,000	17,049,000	13.25%
2025	1,186,000	385,000	1,571,000	15,478,000	21.24%
2026	1,022,000	405,000	1,427,000	14,051,000	28.50%
2027	1,053,000	425,000	1,478,000	12,573,000	36.02%
2028	1,093,000	450,000	1,543,000	11,030,000	43.87%
2029	1,145,000	470,000	1,615,000	9,415,000	52.09%
2030	1,185,000	495,000	1,680,000	7,735,000	60.64%
2031	1,240,000		1,240,000	6,495,000	66.95%
2032	1,285,000		1,285,000	5,210,000	73.49%
2033	1,010,000		1,010,000	4,200,000	78.63%
2034	1,050,000		1,050,000	3,150,000	83.97%
2035	585,000		585,000	2,565,000	86.95%
2036	610,000		610,000	1,955,000	90.05%
2037	640,000		640,000	1,315,000	93.31%
2038	245,000		245,000	1,070,000	94.56%
2039	250,000		250,000	820,000	95.83%
2040	260,000		260,000	560,000	97.15%
2041	275,000		275,000	285,000	98.55%
2042	285,000		285,000		100.00%
	<u>\$ 16,652,000</u>	<u>\$ 3,000,000</u>	<u>\$ 19,652,000</u>		

* Preliminary, subject to change.

Source: The City

OVERLAPPING DEBT DATA AND INFORMATION

TABLE 16

<u>Taxing Body</u>	<u>As of</u>	<u>Amount</u>	<u>% Overlapping</u>	<u>Amount Overlapping</u>
Mineola ISD	5/31/2023	\$ 29,521,000	44.18%	\$ 13,042,378
Wood County	5/31/2023	-	8.75%	-
Total Gross Overlapping Debt		\$ 29,521,000		\$ 13,042,378
Mineola, City of	after this issue	\$ 3,562,500 ^{(1) (2)}	100.00%	3,562,500 ^{(1) (2)}
Total Net Direct and Overlapping Debt				<u>\$ 16,604,878</u>
Ratio of Direct and Overlapping Debt to 2022 Assessed Valuation				4.39%
Ratio of Direct and Overlapping Debt to 2022 Actual Value				3.45%
Per Capita Direct and Overlapping Debt				\$23,384.33

The above figures show Net General Obligation Debt for the City of Mineola

The Issuer's Gross General Obligation Debt is \$ 19,652,000 ^{(2)*}

Calculations on the basis of Gross General Obligation Debt would change the above figures as follows:

Total Direct and Overlapping Debt	\$ 32,694,378
Ratio of Direct and Overlapping Debt to 2022 Assessed Valuation	8.65%
Ratio of Direct and Overlapping Debt to 2022 Actual Value	6.79%
Per Capita Direct and Overlapping Debt	\$46,042.86

⁽¹⁾ Excludes general obligation self-supporting debt

⁽²⁾ Includes the Notes. Preliminary, subject to change. (See "General Obligation Debt Principal Outstanding" herein.)

Source: The City and Municipal Advisory Council of Texas.

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

TABLE 17

None.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES

TABLE 18

<u>Governmental Entity</u>	<u>2022 Valuation</u>	<u>2022 Tax Rate</u>
Wood County	\$ 5,015,577,913	\$ 0.4825
Mineola ISD	896,637,434	1.1650

Source: Municipal Advisory Council of Texas and Wood County Appraisal District

CASH FUND BALANCES (as of May 31, 2023)

TABLE 19

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 1,960,001.74
Investment Account	1,011,455.12
Water Utility Fund	1,945,128.85
Restricted (Committed) Funds	5,401,590.49
Interest & Sinking Funds	749,111.33
In Transit Funds	-
	<u>\$11,067,287.53</u>

Source: The City

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES

TABLE 19

	<u>2022 *</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Fund Balance					
- Beginning of Year	\$ 2,017,998	\$ 1,481,033	\$ 1,314,151	\$ 1,210,834	\$ 1,014,485
Revenues:					
Property Taxes	1,413,479	1,350,173	1,309,593	1,227,547	1,216,066
Sales Tax	1,959,537	1,711,941	1,580,557	1,487,910	1,365,829
Franchise Tax	269,715	249,008	239,243	243,426	324,846
Fines	285,977	268,405	256,319	348,607	423,628
Intergovernmental Revenue	114,191	72,529	72,529	128,612	52,529
Charges for Services	783,042	753,188	731,995	721,436	692,468
Fees and Permits	50,511	39,813	25,964	58,151	48,006
Investment Income	13,230	23,993	76,071	111,314	81,529
Gifts and Bequests	184,028	468,269	648,007	96,523	387,673
Miscellaneous	66,261	57,585	45,128	56,219	52,617
Total Revenues	<u>5,139,971</u>	<u>4,994,904</u>	<u>4,985,406</u>	<u>4,479,745</u>	<u>4,645,191</u>
Expenditures:					
General Government	828,694	716,697	606,248	713,176	836,273
Public Safety	2,401,168	2,295,962	2,444,540	2,030,268	2,027,772
Public Works	727,308	601,521	881,747	680,133	659,196
Community Development	242,377	228,792	266,801	367,263	343,452
Solid Waste	552,503	539,875	536,689	519,557	485,107
Capital Outlay	94,370	219,906	7,621	156,676	115,887
Debt Service	99,076	93,652	98,470	99,183	82,741
Total Expenditures	<u>4,945,496</u>	<u>4,696,405</u>	<u>4,842,116</u>	<u>4,566,256</u>	<u>4,550,428</u>
Excess (Deficiency) Revenues Over Expenditures	194,475	298,499	143,190	(86,511)	94,763
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Amortization	-	-	-	-	-
Homeland Security Expenses	-	-	-	-	-
Insurance Proceeds	35,482	157,192	1,435	34,727	20,402
Lease Proceeds	-	57,176	107,083	-	80,984
Transfers Out	(304,334)	(32,119)	(57,878)	-	-
Sale of Assets	-	56,217	30,229	44	200
Total Other Sources (Uses)	<u>(268,852)</u>	<u>228,465</u>	<u>80,869</u>	<u>34,771</u>	<u>-</u>
Net change in Fund Balances	(74,377)	547,223	166,983	(85,539)	196,349
Fund Balance - End of Year	<u>\$ 1,943,621</u>	<u>\$ 2,017,998</u>	<u>\$ 1,481,033</u>	<u>\$ 1,314,151</u>	<u>\$ 1,210,834</u>

* Unaudited

Source: The City's audited financial statements

SUMMARY DESCRIPTION OF WATER SUPPLY AND SYSTEM FACILITIES**TABLE 21**

The City's water supply source is groundwater, the water wells having a capacity of 3.17 mgd. Total water storage for the water system is 2.5 million gallons of which 800,000 gallons is elevated storage and 1.5 million gallons is ground storage. Distribution facilities include 46 miles of water mains varying in size from two inches to 14 inches. There are three booster pump stations. Annual consumption and peak day usage for the past four years is as follows:

<u>Year</u>	<u>Annual Water Consumption (Gallons)</u>	<u>Peak Day Usage (MGD)</u>
2018	155,771,400	1.325
2019	148,827,700	0.927
2020	152,019,100	1.850
2021	161,854,412	1.234
2022	200,894,000	1.854

Source: The City

PRINCIPAL WATER CUSTOMERS**TABLE 22**

<u>Name</u>	<u>Average Monthly Consumption (Gallons)</u>	<u>Average Monthly Bill</u>
Sanderson Farms	467,783	\$3,733.52
Autumn Winds	451,133	3,843.51
Mineola ISD	349,425	3,466.10
Carwash USA Express #429	307,883	2,487.42
Arbor of Mineola	236,425	2,045.93
Senior Living Properties	189,875	1,605.90
Mineola Express Wash	139,942	1,178.65
Fresenius	136,400	1,151.05
TXDOT #10	120,442	1,008.54
Crenshaw Hwy 80 Car Wash	105,200	1,027.57

Source: The City

WATER RATES**TABLE 23**

As of September, 2021

Residential:

	<u>Inside City Limits</u>	<u>Outside City Limits</u>
Service Charge	\$13.95 (minimum)	\$14.74 ((minimum)
Plus Volume	\$.7793 per 100 Gallons	\$.8971 per 100 Gallons

Commercial:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
Service Charge	\$31.58 (minimum)	\$36.26 (minimum)
Plus Volume	\$.7793 per 100 Gallons	\$.8971 per 100 Gallons

Source: The City

SUMMARY DESCRIPTION OF SEWER FACILITIES

TABLE 24

The City owns and operates its wastewater collection and treatment facilities consisting of a 6.0 MGD sewage treatment plant, four lift stations and approximately 35 miles of collection lines. The wastewater treatment plant is permitted 2 mgs average flow and 6 mgd peak flow. Annual and peak day flow for the past 5 years is as follows:

<u>Year</u>	<u>Annual Sewer Flow (Gallons)</u>	<u>Peak Day Usage (MGD)</u>
2018	237,157,000	2.87
2019	287,842,000	3.57
2020	255,258,000	2.77
2021	274,226,000	3.52
2022	235,491,000	2.45

Source: The City

PRINCIPAL SEWER CUSTOMERS

TABLE 25

<u>Name</u>	<u>Average Monthly Bill</u>
Sanderson Farms	\$1,864.80
Autumn Winds	1,464.29
Mineola ISD	1,101.57
Carwash USA Express #429	1,241.51
Arbor of Mineola	965.17
Senior Living Properties	783.38
Mineola Express Wash	572.73
Fresenius 445500	551.40
Crenshaw Hwy 80 Car Wash	487.53
Wal-Mart Stores Inc.	420.71

Source: The City

SEWER RATES

TABLE 26

As of September, 2021

Inside City Limits

	<u>Minimum Service Charge</u>	<u>Plus Volume</u>
Residential	\$19.55	\$0.2858 per 100 Gallons
Commercial	23.51	\$0.4384 per 100 Gallons

Outside City Limits

	<u>Minimum Service Charge</u>	<u>Plus Volume</u>
Residential	\$22.40	\$0.3267 per 100 Gallons
Commercial	27.32	\$0.4989 per 100 Gallons

Source: The City

WATER AND SEWER CUSTOMER COUNTS

TABLE 27

<u>Year</u>	<u>Water</u>	<u>Sewer</u>
2018	2,415	2,408
2019	2,457	2,430
2020	2,457	2,427
2021	2,471	2,439
2022	2,720	2,585

Source: The City

APPENDIX B

**GENERAL INFORMATION REGARDING
THE CITY OF MINEOLA AND WOOD COUNTY, TEXAS**

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GENERAL INFORMATION REGARDING THE CITY OF MINEOLA AND WOOD COUNTY, TEXAS



The City of Mineola (the "City") is a principal commercial center of Wood County located at the intersection of U.S. Highways 69 and 80, approximately 20 miles northwest of Tyler. U. S. Highway 69 is has been widened to four lanes from Mineola to Lindale which enhances the City's access to Interstate 20. State economists are forecasting a boom along the 69 corridor, especially between the cities of Mineola and Bullard. The 2020 population was 4,828, per US Census data and the current estimated population is 5,017.

Transportation

The City is served by a private airport having a 3,200-foot lighted asphalt runway located one mile outside of the City. In addition, Wood County Airport, with a 4,000-foot runway, is located midway between Mineola and Quitman. The AMTRAK *Texas Eagle* makes 2 daily stops, 7 days a week, in Mineola. Other transportation needs are met by Continental Trailways and Union Pacific. The city is also served by several motor freight companies.

Education

The City is served by Mineola Independent School District having a total enrollment of approximately 1,600 over four campuses, all fully accredited by the Texas Education Agency. The City also has private schools.

Higher education needs of the area can be met at Tyler Junior College, the University of Texas at Tyler and Jarvis Christian College, all within a 25-mile radius of the city. Also, educational needs can be met at nearby schools such as Texas A&M University at Commerce, LeTourneau University in Longview and Kilgore Junior College.

Agriculture

Dairy and beef cattle, hogs, sweet potatoes, hay, corn and nurseries are principal sources of agricultural income in the County.

Communication

The City is served locally by one weekly newspaper and one radio station.

Recreation

Recreational facilities of the City include a country club with a golf course and swimming pool and a civic center with tennis courts and Gov. Hogg State Park and museum and the Mineola Nature Preserve on the Sabine River. Also, Lake Fork Reservoir and Lake Bob Sandlin provide hunting, fishing and water sports opportunities in the area. Other festivals include autumn trails, Mineola May Days and Iron Horse Railroad Heritage Days.

WOOD COUNTY, TEXAS

Wood County (645.23 sq.mi.) is a northeast Texas county with an economy based on oil, natural gas, agribusiness light manufacturing and tourism. The Texas Railroad Commission reports 3.4 million barrels of crude oil and 49,961,494 of natural gas recovered in 2016. Sand, gravel and clays are other minerals extracted in the county. *“Harvest Trends,”* a publication of the Texas Forest Service, reports 11.525 million cubic feet of timber were harvested in 2016 with a delivered value of more than \$14.2 million. The 2020 median household income was \$56,749. The 2020 population of 44,843 represents a 11% increase since 2010. The U. S. Census Bureau estimates the County’s 2022 population at 46,857.

POPULATION TRENDS

Year	City of Mineola	Wood County
2023 Est.	5,017	49,857
2020 Census	4,823	44,843
2010 Census	4,515	41,961
2000 Census	4,550	36,752
1990 Census	4,321	29,380

Source: Bureau of the Census and the City of Mineola.

LEADING EMPLOYERS IN THE CITY OF MINEOLA

Employer	Principal Line of Business	Number of Employees
Mineola Independent School District	Education	275
Wal-Mart	Retail	253
Trinidad / Benham	Wholesale Dried Food	90
Wood Memorial Nursing Home	Elderly Care	83
ETAS – Sheetmetal Industries	Industrial Manufacturing	66
CNC Router & Plasma Inc.	Industrial Manufacturing	62
Tolivar Ford/Lone Star Dodge	Vehicle & Trailer Sales/Repairs	61
Mineola Heights Healthcare Center	Elderly Care	55
Brookshire’s	Grocery Store	51
Autumn Winds Assisted Living	Elderly Care	49
City of Mineola	Government	49

Source: City of Mineola

EMPLOYMENT STATISTICS

The Texas Work Force Commission reports the following employment statistics for the County and the State of Texas.

	Wood County		State of Texas	
	April 2022	April 2023	April 2022	April 2023
Total Civilian Labor Force	18,225	18,458	14,592,934	15,019,711
Total Employment	17,481	17,725	14,076,764	14,468,512
Total Unemployment	744	733	516,170	551,199

Source: Texas Work Force Commission, Austin, Texas

UNEMPLOYMENT RATES

	April 2022	April 2023
Wood County	4.1%	4.0%
State of Texas	3.5	3.7
United States of America	3.3	6.1

Source: Texas Work Force Commission, Austin, Texas

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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[CLOSING DATE]

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

Tel +1 214 855 8000
Fax +1 214 855 8200
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “City of Mineola, Texas, Tax Notes, Series 2023,” dated August 1, 2023, in the principal amount of \$_____ (the “Notes”), we have examined into their issuance by the City of Mineola, Texas (the “City”), solely to express legal opinions as to the validity of the Notes and the exclusion of the interest on the Notes from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Notes, or the sufficiency of the security for or the value or marketability of the Notes.

THE NOTES are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Notes mature on August 1 in each of the years specified in the Ordinance adopted by the City Council of the City authorizing the issuance of the Notes (the “Ordinance”), without right of prior redemption. The Notes accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Notes, including the Ordinance and an examination of the initial Note executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Notes and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Notes, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Notes have been duly authorized by the City, and the when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Notes for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Ownership of tax-exempt obligations such as the Notes 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, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX D

AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

(Independent Auditor's Report, General Financial Statements, and Notes to the Financial Statements. These documents are not intended to be a complete statement of the issuer's financial condition; reference is made to the complete annual financial report for further information.)

TAB 5

**SUGGESTED FORM OF MOTION FOR AWARDING NOTES
AND AUTHORIZING ISSUANCE THEREOF**

Motion by _____

Seconded by _____

I move to adopt the Ordinance authorizing the issuance and sale of City of Mineola Tax Notes, Series 2023 and approving all matters incident thereto.

For _____

Against _____

Abstain _____