

# TOWN OF ADDISON, TEXAS



## ANALYSIS OF OUTSTANDING DEBT

AS OF:

**OCTOBER 15, 2019**

PREPARED BY:





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October 15, 2019

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Town of Addison, Texas

# TAB A: Summary of Outstanding Debt

As of October 15, 2019

Summary of Outstanding Debt



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# Town of Addison, Texas

All Outstanding General Obligation Debt

As of October 15, 2019

(000's)

Year Ending September 30	\$16,900,000 Combination Tax & Revenue Certificates of Obligation Series 2019		\$13,115,000 Combination Tax & Revenue Certificates of Obligation Series 2018		\$23,560,000 General Obligation Refunding Bonds Series 2016		\$7,565,000 Combination Tax & Revenue Certificates of Obligation Series 2014		\$12,000,000 General Obligation Bonds Tax Exempt Series 2014		\$2,145,000 General Obligation Refunding Bonds Series 2014 (AMT)	
	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon
2020	680	3.000%	215	4.000%	1,305	4.000%	315	2.000%	510	3.000%	380	2.000%
2021	615	3.000%	475	3.000%	1,360	4.000%	325	3.000%	530	3.000%		
2022	635	4.000%	490	4.000%	1,430	4.000%	340	3.000%	555	4.000%		
2023	665	4.000%	510	3.000%	1,495	4.000%	355	3.000%	575	3.000%		
2024	690	4.000%	525	3.000%	1,550	4.000%	370	3.000%	600	3.000%		
2025	720	4.000%	540	3.000%	1,615	4.000%	385	3.000%	625	3.000%		
2026	750	4.000%	560	4.000%	1,695	5.000%	400	3.000%	650	3.000%		
2027	775	3.000%	580	4.000%	1,775	5.000%	415	3.125%	675	3.000%		
2028	800	3.000%	610	5.000%	1,865	5.000%	430	3.250%	705	3.250%		
2029	825	3.000%	645	5.000%	1,485	5.000%	450	3.375%	735	3.375%		
2030	850	3.000%	670	4.000%	1,565	5.000%	470	3.500%	760	3.375%		
2031	875	3.000%	700	4.000%	1,645	5.000%	485	3.625%	795	3.500%		
2032	900	3.000%	725	4.000%	1,715	5.000%	505	4.000%	825	3.625%		
2033	930	3.000%	755	4.000%	1,810	5.000%	525	4.000%	860	3.750%		
2034	955	3.000%	785	3.250%			550	4.000%	895	3.750%		
2035	985	3.000%	805	3.250%								
2036	1,015	3.000%	835	3.375%								
2037	1,045	3.000%	865	3.375%								
2038	1,080	3.000%	895	3.500%								
2039	1,110	3.000%	930	3.625%								
<b>TOTALS</b>	<b>16,900</b>		<b>13,115</b>		<b>22,310</b>		<b>6,320</b>		<b>10,295</b>		<b>380</b>	
Next Call	2/15/2028 @ Par		2/15/2028 @ Par		2/15/2026 @ Par		2/15/2024 @ Par		2/15/2024 @ Par		Non-Callable	
Dated Date	9/1/2019		12/1/2018		5/1/2016		2/15/2014		2/15/2014		2/15/2014	
Coupon Dates	February 15	August 15	February 15	August 15	February 15	August 15	February 15	August 15	February 15	August 15	February 15	August 15
Maturity Dates	February 15		February 15		February 15		February 15		February 15		February 15	
Insurer	N/A		N/A		N/A		N/A		N/A		N/A	
Arbitrage Yield	1.9185%		3.1342%		1.8580%		3.1920%		3.1920%		1.2673%	
Paying Agent	The Bank of New York		The Bank of New York		The Bank of New York		The Bank of New York		The Bank of New York		The Bank of New York	
Purpose	New Money		New Money		Refunding		New Money		New Money		Refunding	
Color Legend												
Non-Callable <span style="color: red;">Callable</span>												

# Town of Addison, Texas

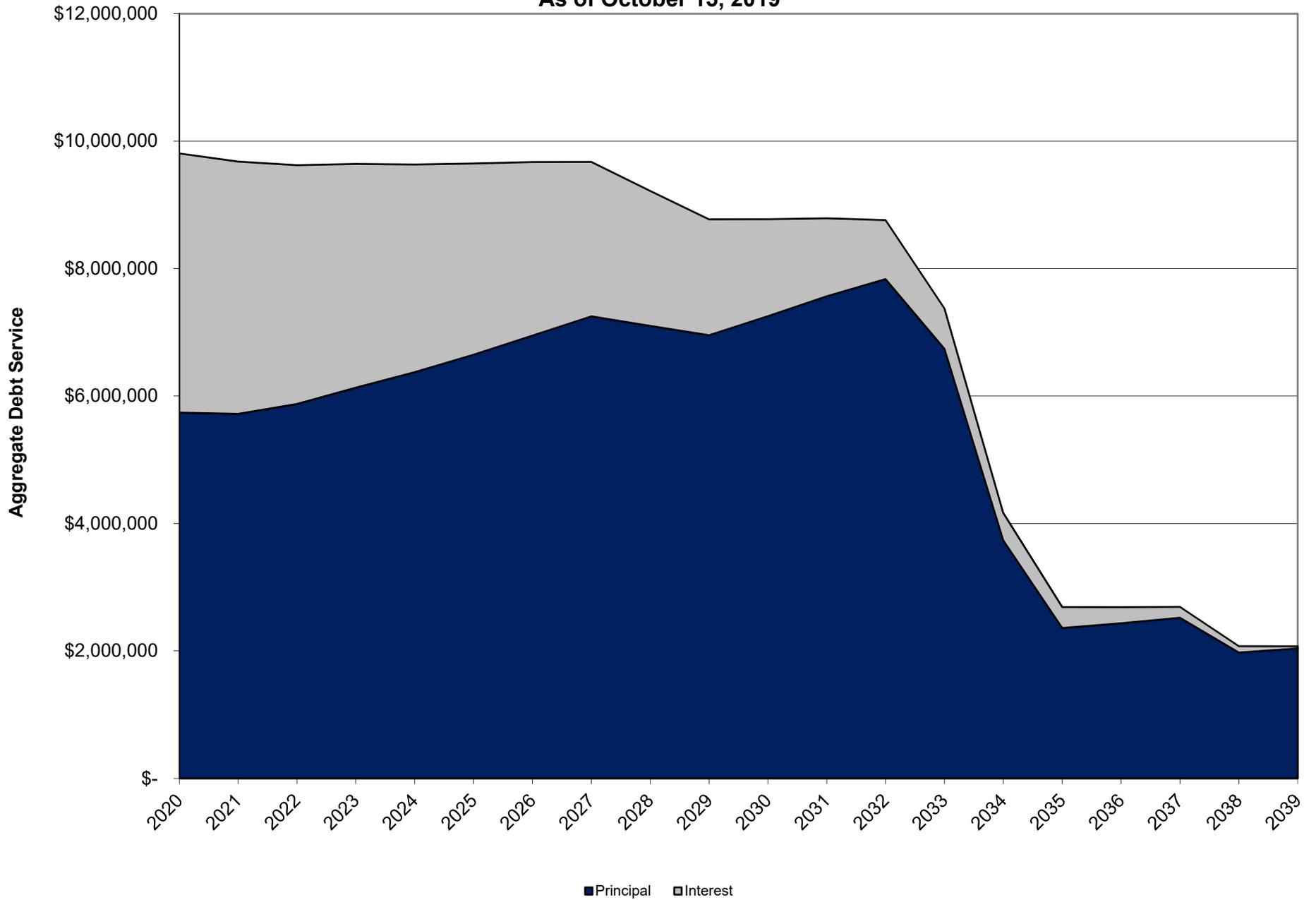
All Outstanding General Obligation Debt

As of October 15, 2019

(000's)

Year Ending September 30	\$1,250,000 General Obligation Bonds Taxable Series 2013B		\$1,875,000 General Obligation Bonds Series 2013A (AMT)		\$4,665,000 General Obligation Bonds Tax-Exempt Series 2013		\$10,185,000 Combination Tax & Revenue Certificates of Obligation Series 2013		\$22,590,000 General Obligation Refunding & Improvement Bonds Series 2012		\$14,835,000 Combination Tax & Revenue Certificates of Obligation Series 2012	
	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon
	2020	50	3.750%	75	4.125%	190	4.000%	415	3.000%	885	4.000%	720
2021	55	3.750%	80	4.125%	195	5.000%	430	4.000%	920	4.000%	735	2.000%
2022	55	3.750%	85	4.125%	205	5.000%	450	4.000%	875	4.000%	755	3.000%
2023	60	3.750%	90	4.125%	220	5.000%	470	5.000%	910	5.000%	780	4.000%
2024	60	5.000%	90	4.250%	230	5.000%	490	5.000%	955	5.000%	815	4.000%
2025	65	5.000%	95	4.250%	240	5.000%	515	5.000%	1,010	5.000%	840	3.000%
2026	65	5.000%	100	4.250%	255	5.000%	545	5.000%	1,060	5.000%	870	3.000%
2027	70	5.000%	105	4.250%	265	5.000%	575	5.000%	1,115	5.000%	900	3.000%
2028	75	5.000%	110	4.250%	280	5.000%	600	5.000%	1,170	5.000%	455	3.000%
2029	75	5.000%	115	4.800%	295	4.100%	630	4.100%	1,230	5.000%	470	3.000%
2030	80	5.000%	120	4.800%	305	4.150%	655	4.150%	1,295	5.000%	485	3.000%
2031	85	5.000%	125	4.800%	320	4.250%	685	4.250%	1,350	3.000%	500	3.000%
2032	90	5.000%	130	4.800%	330	4.300%	715	4.300%	1,385	3.125%	515	3.125%
2033	95	5.000%	140	4.800%	345	4.375%	750	4.375%			530	3.250%
2034											550	3.250%
2035											570	3.375%
2036											585	3.375%
2037											610	3.375%
2038												
2039												
<b>TOTALS</b>	<b>980</b>		<b>1,460</b>		<b>3,675</b>		<b>7,925</b>		<b>14,160</b>		<b>11,685</b>	
Next Call	02/15/2023 @ Par		02/15/2023 @ Par		02/15/2023 @ Par		02/15/2023 @ Par		2/15/2022 @ Par		2/15/2022 @ Par	
Dated Date	7/15/2013		7/15/2013		7/15/2013		7/15/2013		8/15/2012		8/15/2012	
Coupon Dates	February 15	August 15	February 15	August 15	February 15	August 15	February 15	August 15	February 15	August 15	February 15	August 15
Maturity Dates	February 15		February 15		February 15		February 15		February 15		February 15	
Insurer	N/A		N/A		N/A		N/A		N/A		N/A	
Arbitrage Yield	4.7317%		4.3659%		3.7243%		3.7243%		2.5266%			
Paying Agent	The Bank of New York		The Bank of New York		The Bank of New York		The Bank of New York		The Bank of New York		The Bank of New York	
Purpose	New Money		New Money		New Money		New Money		Refunding & New Money		New Money	
<b>Color Legend</b>												
Non-Callable <span style="color: red;">Callable</span>												

**Town of Addison, Texas**  
**All Outstanding General Obligation Debt**  
**As of October 15, 2019**



**AGGREGATE DEBT SERVICE**

**Town of Addison, Texas  
General Obligation Debt Outstanding  
As of October 15, 2019**

Period Ending	Principal	Interest	Debt Service
09/30/2020	5,740,000	4,067,223.71	9,807,223.71
09/30/2021	5,720,000	3,959,077.53	9,679,077.53
09/30/2022	5,875,000	3,747,761.90	9,622,761.90
09/30/2023	6,130,000	3,511,346.27	9,641,346.27
09/30/2024	6,375,000	3,259,152.52	9,634,152.52
09/30/2025	6,650,000	3,000,021.27	9,650,021.27
09/30/2026	6,950,000	2,722,077.52	9,672,077.52
09/30/2027	7,250,000	2,423,886.90	9,673,886.90
09/30/2028	7,100,000	2,118,715.03	9,218,715.03
09/30/2029	6,955,000	1,817,089.41	8,772,089.41
09/30/2030	7,255,000	1,519,295.04	8,774,295.04
09/30/2031	7,565,000	1,223,335.66	8,788,335.66
09/30/2032	7,835,000	924,698.15	8,759,698.15
09/30/2033	6,740,000	632,019.39	7,372,019.39
09/30/2034	3,735,000	428,993.76	4,163,993.76
09/30/2035	2,360,000	327,718.76	2,687,718.76
09/30/2036	2,435,000	251,056.26	2,686,056.26
09/30/2037	2,520,000	171,303.13	2,691,303.13
09/30/2038	1,975,000	98,875.00	2,073,875.00
09/30/2039	2,040,000	33,506.25	2,073,506.25
	<b>109,205,000</b>	<b>36,237,153.46</b>	<b>145,442,153.46</b>

**AGGREGATE DEBT SERVICE**

**Town of Addison, Texas  
General Obligation Debt Outstanding  
As of October 15, 2019**

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
02/15/2020	5,740,000	2,038,544.32	7,778,544.32	
08/15/2020		2,028,679.39	2,028,679.39	
09/30/2020				9,807,223.71
02/15/2021	5,720,000	2,028,679.39	7,748,679.39	
08/15/2021		1,930,398.14	1,930,398.14	
09/30/2021				9,679,077.53
02/15/2022	5,875,000	1,930,398.14	7,805,398.14	
08/15/2022		1,817,363.76	1,817,363.76	
09/30/2022				9,622,761.90
02/15/2023	6,130,000	1,817,363.76	7,947,363.76	
08/15/2023		1,693,982.51	1,693,982.51	
09/30/2023				9,641,346.27
02/15/2024	6,375,000	1,693,982.51	8,068,982.51	
08/15/2024		1,565,170.01	1,565,170.01	
09/30/2024				9,634,152.52
02/15/2025	6,650,000	1,565,170.01	8,215,170.01	
08/15/2025		1,434,851.26	1,434,851.26	
09/30/2025				9,650,021.27
02/15/2026	6,950,000	1,434,851.26	8,384,851.26	
08/15/2026		1,287,226.26	1,287,226.26	
09/30/2026				9,672,077.52
02/15/2027	7,250,000	1,287,226.26	8,537,226.26	
08/15/2027		1,136,660.64	1,136,660.64	
09/30/2027				9,673,886.90
02/15/2028	7,100,000	1,136,660.64	8,236,660.64	
08/15/2028		982,054.39	982,054.39	
09/30/2028				9,218,715.03
02/15/2029	6,955,000	982,054.39	7,937,054.39	
08/15/2029		835,035.02	835,035.02	
09/30/2029				8,772,089.41
02/15/2030	7,255,000	835,035.02	8,090,035.02	
08/15/2030		684,260.02	684,260.02	
09/30/2030				8,774,295.04
02/15/2031	7,565,000	684,260.02	8,249,260.02	
08/15/2031		539,075.64	539,075.64	
09/30/2031				8,788,335.66
02/15/2032	7,835,000	539,075.64	8,374,075.64	
08/15/2032		385,622.51	385,622.51	
09/30/2032				8,759,698.15
02/15/2033	6,740,000	385,622.51	7,125,622.51	
08/15/2033		246,396.88	246,396.88	
09/30/2033				7,372,019.39
02/15/2034	3,735,000	246,396.88	3,981,396.88	
08/15/2034		182,596.88	182,596.88	
09/30/2034				4,163,993.76
02/15/2035	2,360,000	182,596.88	2,542,596.88	
08/15/2035		145,121.88	145,121.88	
09/30/2035				2,687,718.76
02/15/2036	2,435,000	145,121.88	2,580,121.88	
08/15/2036		105,934.38	105,934.38	
09/30/2036				2,686,056.26
02/15/2037	2,520,000	105,934.38	2,625,934.38	
08/15/2037		65,368.75	65,368.75	
09/30/2037				2,691,303.13
02/15/2038	1,975,000	65,368.75	2,040,368.75	

**AGGREGATE DEBT SERVICE**

**Town of Addison, Texas  
 General Obligation Debt Outstanding  
 As of October 15, 2019**

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
08/15/2038		33,506.25	33,506.25	
09/30/2038				2,073,875.00
02/15/2039	2,040,000	33,506.25	2,073,506.25	
09/30/2039				2,073,506.25
	109,205,000	36,237,153.46	145,442,153.46	145,442,153.46

Town of Addison, Texas

# TAB B: Details of General Obligation Debt

As of October 15, 2019

General Obligation Debt



A Hilltop Holdings Company.

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**BOND DEBT SERVICE**

**Town of Addison, Texas**

**\$16,900,000 Combination Tax & Revenue Certificates of Obligation, Series 2019**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	680,000	188,055.56	868,055.56	
08/15/2020		260,600.00	260,600.00	
09/30/2020				1,128,655.56
02/15/2021	615,000	260,600.00	875,600.00	
08/15/2021		251,375.00	251,375.00	
09/30/2021				1,126,975.00
02/15/2022	635,000	251,375.00	886,375.00	
08/15/2022		238,675.00	238,675.00	
09/30/2022				1,125,050.00
02/15/2023	665,000	238,675.00	903,675.00	
08/15/2023		225,375.00	225,375.00	
09/30/2023				1,129,050.00
02/15/2024	690,000	225,375.00	915,375.00	
08/15/2024		211,575.00	211,575.00	
09/30/2024				1,126,950.00
02/15/2025	720,000	211,575.00	931,575.00	
08/15/2025		197,175.00	197,175.00	
09/30/2025				1,128,750.00
02/15/2026	750,000	197,175.00	947,175.00	
08/15/2026		182,175.00	182,175.00	
09/30/2026				1,129,350.00
02/15/2027	775,000	182,175.00	957,175.00	
08/15/2027		170,550.00	170,550.00	
09/30/2027				1,127,725.00
02/15/2028	800,000	170,550.00	970,550.00	
08/15/2028		158,550.00	158,550.00	
09/30/2028				1,129,100.00
02/15/2029	825,000	158,550.00	983,550.00	
08/15/2029		146,175.00	146,175.00	
09/30/2029				1,129,725.00
02/15/2030	850,000	146,175.00	996,175.00	
08/15/2030		133,425.00	133,425.00	
09/30/2030				1,129,600.00
02/15/2031	875,000	133,425.00	1,008,425.00	
08/15/2031		120,300.00	120,300.00	
09/30/2031				1,128,725.00
02/15/2032	900,000	120,300.00	1,020,300.00	
08/15/2032		106,800.00	106,800.00	
09/30/2032				1,127,100.00
02/15/2033	930,000	106,800.00	1,036,800.00	
08/15/2033		92,850.00	92,850.00	
09/30/2033				1,129,650.00
02/15/2034	955,000	92,850.00	1,047,850.00	
08/15/2034		78,525.00	78,525.00	
09/30/2034				1,126,375.00
02/15/2035	985,000	78,525.00	1,063,525.00	
08/15/2035		63,750.00	63,750.00	
09/30/2035				1,127,275.00
02/15/2036	1,015,000	63,750.00	1,078,750.00	
08/15/2036		48,525.00	48,525.00	
09/30/2036				1,127,275.00
02/15/2037	1,045,000	48,525.00	1,093,525.00	
08/15/2037		32,850.00	32,850.00	
09/30/2037				1,126,375.00
02/15/2038	1,080,000	32,850.00	1,112,850.00	

**BOND DEBT SERVICE**

**Town of Addison, Texas**

**\$16,900,000 Combination Tax & Revenue Certificates of Obligation, Series 2019**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
08/15/2038		16,650.00	16,650.00	
09/30/2038				1,129,500.00
02/15/2039	1,110,000	16,650.00	1,126,650.00	
09/30/2039				1,126,650.00
	16,900,000	5,659,855.56	22,559,855.56	22,559,855.56

**BOND DEBT SERVICE**

**Town of Addison, Texas**

**\$13,115,000 Combination Tax & Revenue Certificates of Obligation, Series 2018**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	215,000	243,068.75	458,068.75	
08/15/2020		238,768.75	238,768.75	
09/30/2020				696,837.50
02/15/2021	475,000	238,768.75	713,768.75	
08/15/2021		231,643.75	231,643.75	
09/30/2021				945,412.50
02/15/2022	490,000	231,643.75	721,643.75	
08/15/2022		221,843.75	221,843.75	
09/30/2022				943,487.50
02/15/2023	510,000	221,843.75	731,843.75	
08/15/2023		214,193.75	214,193.75	
09/30/2023				946,037.50
02/15/2024	525,000	214,193.75	739,193.75	
08/15/2024		206,318.75	206,318.75	
09/30/2024				945,512.50
02/15/2025	540,000	206,318.75	746,318.75	
08/15/2025		198,218.75	198,218.75	
09/30/2025				944,537.50
02/15/2026	560,000	198,218.75	758,218.75	
08/15/2026		187,018.75	187,018.75	
09/30/2026				945,237.50
02/15/2027	580,000	187,018.75	767,018.75	
08/15/2027		175,418.75	175,418.75	
09/30/2027				942,437.50
02/15/2028	610,000	175,418.75	785,418.75	
08/15/2028		160,168.75	160,168.75	
09/30/2028				945,587.50
02/15/2029	645,000	160,168.75	805,168.75	
08/15/2029		144,043.75	144,043.75	
09/30/2029				949,212.50
02/15/2030	670,000	144,043.75	814,043.75	
08/15/2030		130,643.75	130,643.75	
09/30/2030				944,687.50
02/15/2031	700,000	130,643.75	830,643.75	
08/15/2031		116,643.75	116,643.75	
09/30/2031				947,287.50
02/15/2032	725,000	116,643.75	841,643.75	
08/15/2032		102,143.75	102,143.75	
09/30/2032				943,787.50
02/15/2033	755,000	102,143.75	857,143.75	
08/15/2033		87,043.75	87,043.75	
09/30/2033				944,187.50
02/15/2034	785,000	87,043.75	872,043.75	
08/15/2034		74,287.50	74,287.50	
09/30/2034				946,331.25
02/15/2035	805,000	74,287.50	879,287.50	
08/15/2035		61,206.25	61,206.25	
09/30/2035				940,493.75
02/15/2036	835,000	61,206.25	896,206.25	
08/15/2036		47,115.63	47,115.63	
09/30/2036				943,321.88
02/15/2037	865,000	47,115.63	912,115.63	
08/15/2037		32,518.75	32,518.75	
09/30/2037				944,634.38
02/15/2038	895,000	32,518.75	927,518.75	

**BOND DEBT SERVICE**

**Town of Addison, Texas**

**\$13,115,000 Combination Tax & Revenue Certificates of Obligation, Series 2018**

<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
08/15/2038		16,856.25	16,856.25	
09/30/2038				944,375.00
02/15/2039	930,000	16,856.25	946,856.25	
09/30/2039				946,856.25
	13,115,000	5,535,262.51	18,650,262.51	18,650,262.51

**BOND DEBT SERVICE**

**Town of Addison, Texas  
\$23,560,000 General Obligation Refunding Bonds, Series 2016**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	1,305,000	513,975	1,818,975	
08/15/2020		487,875	487,875	
09/30/2020				2,306,850
02/15/2021	1,360,000	487,875	1,847,875	
08/15/2021		460,675	460,675	
09/30/2021				2,308,550
02/15/2022	1,430,000	460,675	1,890,675	
08/15/2022		432,075	432,075	
09/30/2022				2,322,750
02/15/2023	1,495,000	432,075	1,927,075	
08/15/2023		402,175	402,175	
09/30/2023				2,329,250
02/15/2024	1,550,000	402,175	1,952,175	
08/15/2024		371,175	371,175	
09/30/2024				2,323,350
02/15/2025	1,615,000	371,175	1,986,175	
08/15/2025		338,875	338,875	
09/30/2025				2,325,050
02/15/2026	1,695,000	338,875	2,033,875	
08/15/2026		296,500	296,500	
09/30/2026				2,330,375
02/15/2027	1,775,000	296,500	2,071,500	
08/15/2027		252,125	252,125	
09/30/2027				2,323,625
02/15/2028	1,865,000	252,125	2,117,125	
08/15/2028		205,500	205,500	
09/30/2028				2,322,625
02/15/2029	1,485,000	205,500	1,690,500	
08/15/2029		168,375	168,375	
09/30/2029				1,858,875
02/15/2030	1,565,000	168,375	1,733,375	
08/15/2030		129,250	129,250	
09/30/2030				1,862,625
02/15/2031	1,645,000	129,250	1,774,250	
08/15/2031		88,125	88,125	
09/30/2031				1,862,375
02/15/2032	1,715,000	88,125	1,803,125	
08/15/2032		45,250	45,250	
09/30/2032				1,848,375
02/15/2033	1,810,000	45,250	1,855,250	
09/30/2033				1,855,250
	<b>22,310,000</b>	<b>7,869,925</b>	<b>30,179,925</b>	<b>30,179,925</b>

**BOND DEBT SERVICE**

**Town of Addison, Texas**  
**\$7,565,000 Combination Tax & Revenue Certificates of Obligation, Series 2014**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	315,000	105,456.25	420,456.25	
08/15/2020		102,306.25	102,306.25	
09/30/2020				522,762.50
02/15/2021	325,000	102,306.25	427,306.25	
08/15/2021		97,431.25	97,431.25	
09/30/2021				524,737.50
02/15/2022	340,000	97,431.25	437,431.25	
08/15/2022		92,331.25	92,331.25	
09/30/2022				529,762.50
02/15/2023	355,000	92,331.25	447,331.25	
08/15/2023		87,006.25	87,006.25	
09/30/2023				534,337.50
02/15/2024	370,000	87,006.25	457,006.25	
08/15/2024		81,456.25	81,456.25	
09/30/2024				538,462.50
02/15/2025	385,000	81,456.25	466,456.25	
08/15/2025		75,681.25	75,681.25	
09/30/2025				542,137.50
02/15/2026	400,000	75,681.25	475,681.25	
08/15/2026		69,681.25	69,681.25	
09/30/2026				545,362.50
02/15/2027	415,000	69,681.25	484,681.25	
08/15/2027		63,196.88	63,196.88	
09/30/2027				547,878.13
02/15/2028	430,000	63,196.88	493,196.88	
08/15/2028		56,209.38	56,209.38	
09/30/2028				549,406.26
02/15/2029	450,000	56,209.38	506,209.38	
08/15/2029		48,615.63	48,615.63	
09/30/2029				554,825.01
02/15/2030	470,000	48,615.63	518,615.63	
08/15/2030		40,390.63	40,390.63	
09/30/2030				559,006.26
02/15/2031	485,000	40,390.63	525,390.63	
08/15/2031		31,600.00	31,600.00	
09/30/2031				556,990.63
02/15/2032	505,000	31,600.00	536,600.00	
08/15/2032		21,500.00	21,500.00	
09/30/2032				558,100.00
02/15/2033	525,000	21,500.00	546,500.00	
08/15/2033		11,000.00	11,000.00	
09/30/2033				557,500.00
02/15/2034	550,000	11,000.00	561,000.00	
09/30/2034				561,000.00
	<b>6,320,000</b>	<b>1,862,268.79</b>	<b>8,182,268.79</b>	<b>8,182,268.79</b>

**BOND DEBT SERVICE**

**Town of Addison, Texas**  
**\$12,000,000 General Obligation Bonds, Tax Exempt Series 2014**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	510,000	172,031.25	682,031.25	
08/15/2020		164,381.25	164,381.25	
09/30/2020				846,412.50
02/15/2021	530,000	164,381.25	694,381.25	
08/15/2021		156,431.25	156,431.25	
09/30/2021				850,812.50
02/15/2022	555,000	156,431.25	711,431.25	
08/15/2022		145,331.25	145,331.25	
09/30/2022				856,762.50
02/15/2023	575,000	145,331.25	720,331.25	
08/15/2023		136,706.25	136,706.25	
09/30/2023				857,037.50
02/15/2024	600,000	136,706.25	736,706.25	
08/15/2024		127,706.25	127,706.25	
09/30/2024				864,412.50
02/15/2025	625,000	127,706.25	752,706.25	
08/15/2025		118,331.25	118,331.25	
09/30/2025				871,037.50
02/15/2026	650,000	118,331.25	768,331.25	
08/15/2026		108,581.25	108,581.25	
09/30/2026				876,912.50
02/15/2027	675,000	108,581.25	783,581.25	
08/15/2027		98,456.25	98,456.25	
09/30/2027				882,037.50
02/15/2028	705,000	98,456.25	803,456.25	
08/15/2028		87,000.00	87,000.00	
09/30/2028				890,456.25
02/15/2029	735,000	87,000.00	822,000.00	
08/15/2029		74,596.88	74,596.88	
09/30/2029				896,596.88
02/15/2030	760,000	74,596.88	834,596.88	
08/15/2030		61,771.88	61,771.88	
09/30/2030				896,368.76
02/15/2031	795,000	61,771.88	856,771.88	
08/15/2031		47,859.38	47,859.38	
09/30/2031				904,631.26
02/15/2032	825,000	47,859.38	872,859.38	
08/15/2032		32,906.25	32,906.25	
09/30/2032				905,765.63
02/15/2033	860,000	32,906.25	892,906.25	
08/15/2033		16,781.25	16,781.25	
09/30/2033				909,687.50
02/15/2034	895,000	16,781.25	911,781.25	
09/30/2034				911,781.25
	<b>10,295,000</b>	<b>2,925,712.53</b>	<b>13,220,712.53</b>	<b>13,220,712.53</b>

**BOND DEBT SERVICE**

**Town of Addison, Texas**  
**\$2,145,000 General Obligation Refunding Bonds, Series 2014 (AMT)**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	380,000	3,800	383,800	
09/30/2020				383,800
	380,000	3,800	383,800	383,800

**BOND DEBT SERVICE**

**Town of Addison, Texas  
\$1,250,000 General Obligation Bonds, Taxable Series 2013B**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	50,000	23,125.00	73,125.00	
08/15/2020		22,187.50	22,187.50	
09/30/2020				95,312.50
02/15/2021	55,000	22,187.50	77,187.50	
08/15/2021		21,156.25	21,156.25	
09/30/2021				98,343.75
02/15/2022	55,000	21,156.25	76,156.25	
08/15/2022		20,125.00	20,125.00	
09/30/2022				96,281.25
02/15/2023	60,000	20,125.00	80,125.00	
08/15/2023		19,000.00	19,000.00	
09/30/2023				99,125.00
02/15/2024	60,000	19,000.00	79,000.00	
08/15/2024		17,500.00	17,500.00	
09/30/2024				96,500.00
02/15/2025	65,000	17,500.00	82,500.00	
08/15/2025		15,875.00	15,875.00	
09/30/2025				98,375.00
02/15/2026	65,000	15,875.00	80,875.00	
08/15/2026		14,250.00	14,250.00	
09/30/2026				95,125.00
02/15/2027	70,000	14,250.00	84,250.00	
08/15/2027		12,500.00	12,500.00	
09/30/2027				96,750.00
02/15/2028	75,000	12,500.00	87,500.00	
08/15/2028		10,625.00	10,625.00	
09/30/2028				98,125.00
02/15/2029	75,000	10,625.00	85,625.00	
08/15/2029		8,750.00	8,750.00	
09/30/2029				94,375.00
02/15/2030	80,000	8,750.00	88,750.00	
08/15/2030		6,750.00	6,750.00	
09/30/2030				95,500.00
02/15/2031	85,000	6,750.00	91,750.00	
08/15/2031		4,625.00	4,625.00	
09/30/2031				96,375.00
02/15/2032	90,000	4,625.00	94,625.00	
08/15/2032		2,375.00	2,375.00	
09/30/2032				97,000.00
02/15/2033	95,000	2,375.00	97,375.00	
09/30/2033				97,375.00
	<b>980,000</b>	<b>374,562.50</b>	<b>1,354,562.50</b>	<b>1,354,562.50</b>

**BOND DEBT SERVICE**

**Town of Addison, Texas  
\$1,875,000 General Obligation Bonds, Series 2013 (AMT)**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	75,000	32,551.25	107,551.25	
08/15/2020		31,004.38	31,004.38	
09/30/2020				138,555.63
02/15/2021	80,000	31,004.38	111,004.38	
08/15/2021		29,354.38	29,354.38	
09/30/2021				140,358.76
02/15/2022	85,000	29,354.38	114,354.38	
08/15/2022		27,601.25	27,601.25	
09/30/2022				141,955.63
02/15/2023	90,000	27,601.25	117,601.25	
08/15/2023		25,745.00	25,745.00	
09/30/2023				143,346.25
02/15/2024	90,000	25,745.00	115,745.00	
08/15/2024		23,832.50	23,832.50	
09/30/2024				139,577.50
02/15/2025	95,000	23,832.50	118,832.50	
08/15/2025		21,813.75	21,813.75	
09/30/2025				140,646.25
02/15/2026	100,000	21,813.75	121,813.75	
08/15/2026		19,688.75	19,688.75	
09/30/2026				141,502.50
02/15/2027	105,000	19,688.75	124,688.75	
08/15/2027		17,457.50	17,457.50	
09/30/2027				142,146.25
02/15/2028	110,000	17,457.50	127,457.50	
08/15/2028		15,120.00	15,120.00	
09/30/2028				142,577.50
02/15/2029	115,000	15,120.00	130,120.00	
08/15/2029		12,360.00	12,360.00	
09/30/2029				142,480.00
02/15/2030	120,000	12,360.00	132,360.00	
08/15/2030		9,480.00	9,480.00	
09/30/2030				141,840.00
02/15/2031	125,000	9,480.00	134,480.00	
08/15/2031		6,480.00	6,480.00	
09/30/2031				140,960.00
02/15/2032	130,000	6,480.00	136,480.00	
08/15/2032		3,360.00	3,360.00	
09/30/2032				139,840.00
02/15/2033	140,000	3,360.00	143,360.00	
09/30/2033				143,360.00
	<b>1,460,000</b>	<b>519,146.27</b>	<b>1,979,146.27</b>	<b>1,979,146.27</b>

**BOND DEBT SERVICE**

**Town of Addison, Texas  
\$4,665,000 General Obligation Bonds, Series 2013**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	190,000	84,868.13	274,868.13	
08/15/2020		81,068.13	81,068.13	
09/30/2020				355,936.26
02/15/2021	195,000	81,068.13	276,068.13	
08/15/2021		76,193.13	76,193.13	
09/30/2021				352,261.26
02/15/2022	205,000	76,193.13	281,193.13	
08/15/2022		71,068.13	71,068.13	
09/30/2022				352,261.26
02/15/2023	220,000	71,068.13	291,068.13	
08/15/2023		65,568.13	65,568.13	
09/30/2023				356,636.26
02/15/2024	230,000	65,568.13	295,568.13	
08/15/2024		59,818.13	59,818.13	
09/30/2024				355,386.26
02/15/2025	240,000	59,818.13	299,818.13	
08/15/2025		53,818.13	53,818.13	
09/30/2025				353,636.26
02/15/2026	255,000	53,818.13	308,818.13	
08/15/2026		47,443.13	47,443.13	
09/30/2026				356,261.26
02/15/2027	265,000	47,443.13	312,443.13	
08/15/2027		40,818.13	40,818.13	
09/30/2027				353,261.26
02/15/2028	280,000	40,818.13	320,818.13	
08/15/2028		33,818.13	33,818.13	
09/30/2028				354,636.26
02/15/2029	295,000	33,818.13	328,818.13	
08/15/2029		27,770.63	27,770.63	
09/30/2029				356,588.76
02/15/2030	305,000	27,770.63	332,770.63	
08/15/2030		21,441.88	21,441.88	
09/30/2030				354,212.51
02/15/2031	320,000	21,441.88	341,441.88	
08/15/2031		14,641.88	14,641.88	
09/30/2031				356,083.76
02/15/2032	330,000	14,641.88	344,641.88	
08/15/2032		7,546.88	7,546.88	
09/30/2032				352,188.76
02/15/2033	345,000	7,546.88	352,546.88	
09/30/2033				352,546.88
	<b>3,675,000</b>	<b>1,286,897.01</b>	<b>4,961,897.01</b>	<b>4,961,897.01</b>

**BOND DEBT SERVICE**

**Town of Addison, Texas  
\$10,185,000 Certificates of Obligation, Series 2013**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	415,000	176,541.25	591,541.25	
08/15/2020		170,316.25	170,316.25	
09/30/2020				761,857.50
02/15/2021	430,000	170,316.25	600,316.25	
08/15/2021		161,716.25	161,716.25	
09/30/2021				762,032.50
02/15/2022	450,000	161,716.25	611,716.25	
08/15/2022		152,716.25	152,716.25	
09/30/2022				764,432.50
02/15/2023	470,000	152,716.25	622,716.25	
08/15/2023		140,966.25	140,966.25	
09/30/2023				763,682.50
02/15/2024	490,000	140,966.25	630,966.25	
08/15/2024		128,716.25	128,716.25	
09/30/2024				759,682.50
02/15/2025	515,000	128,716.25	643,716.25	
08/15/2025		115,841.25	115,841.25	
09/30/2025				759,557.50
02/15/2026	545,000	115,841.25	660,841.25	
08/15/2026		102,216.25	102,216.25	
09/30/2026				763,057.50
02/15/2027	575,000	102,216.25	677,216.25	
08/15/2027		87,841.25	87,841.25	
09/30/2027				765,057.50
02/15/2028	600,000	87,841.25	687,841.25	
08/15/2028		72,841.25	72,841.25	
09/30/2028				760,682.50
02/15/2029	630,000	72,841.25	702,841.25	
08/15/2029		59,926.25	59,926.25	
09/30/2029				762,767.50
02/15/2030	655,000	59,926.25	714,926.25	
08/15/2030		46,335.00	46,335.00	
09/30/2030				761,261.25
02/15/2031	685,000	46,335.00	731,335.00	
08/15/2031		31,778.75	31,778.75	
09/30/2031				763,113.75
02/15/2032	715,000	31,778.75	746,778.75	
08/15/2032		16,406.25	16,406.25	
09/30/2032				763,185.00
02/15/2033	750,000	16,406.25	766,406.25	
09/30/2033				766,406.25
	7,925,000	2,751,776.25	10,676,776.25	10,676,776.25

**BOND DEBT SERVICE**

**Town of Addison, Texas**  
**\$22,590,000 General Obligation Refunding & Improvement Bonds, Series 2012**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	885,000	314,115.63	1,199,115.63	
08/15/2020		296,415.63	296,415.63	
09/30/2020				1,495,531.26
02/15/2021	920,000	296,415.63	1,216,415.63	
08/15/2021		278,015.63	278,015.63	
09/30/2021				1,494,431.26
02/15/2022	875,000	278,015.63	1,153,015.63	
08/15/2022		260,515.63	260,515.63	
09/30/2022				1,413,531.26
02/15/2023	910,000	260,515.63	1,170,515.63	
08/15/2023		237,765.63	237,765.63	
09/30/2023				1,408,281.26
02/15/2024	955,000	237,765.63	1,192,765.63	
08/15/2024		213,890.63	213,890.63	
09/30/2024				1,406,656.26
02/15/2025	1,010,000	213,890.63	1,223,890.63	
08/15/2025		188,640.63	188,640.63	
09/30/2025				1,412,531.26
02/15/2026	1,060,000	188,640.63	1,248,640.63	
08/15/2026		162,140.63	162,140.63	
09/30/2026				1,410,781.26
02/15/2027	1,115,000	162,140.63	1,277,140.63	
08/15/2027		134,265.63	134,265.63	
09/30/2027				1,411,406.26
02/15/2028	1,170,000	134,265.63	1,304,265.63	
08/15/2028		105,015.63	105,015.63	
09/30/2028				1,409,281.26
02/15/2029	1,230,000	105,015.63	1,335,015.63	
08/15/2029		74,265.63	74,265.63	
09/30/2029				1,409,281.26
02/15/2030	1,295,000	74,265.63	1,369,265.63	
08/15/2030		41,890.63	41,890.63	
09/30/2030				1,411,156.26
02/15/2031	1,350,000	41,890.63	1,391,890.63	
08/15/2031		21,640.63	21,640.63	
09/30/2031				1,413,531.26
02/15/2032	1,385,000	21,640.63	1,406,640.63	
09/30/2032				1,406,640.63
	<b>14,160,000</b>	<b>4,343,040.75</b>	<b>18,503,040.75</b>	<b>18,503,040.75</b>

**BOND DEBT SERVICE**

**Town of Addison, Texas**

**\$14,835,000 Combination Tax & Revenue Certificate of Obligation, Series 2012**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2020	720,000	180,956.25	900,956.25	
08/15/2020		173,756.25	173,756.25	
09/30/2020				1,074,712.50
02/15/2021	735,000	173,756.25	908,756.25	
08/15/2021		166,406.25	166,406.25	
09/30/2021				1,075,162.50
02/15/2022	755,000	166,406.25	921,406.25	
08/15/2022		155,081.25	155,081.25	
09/30/2022				1,076,487.50
02/15/2023	780,000	155,081.25	935,081.25	
08/15/2023		139,481.25	139,481.25	
09/30/2023				1,074,562.50
02/15/2024	815,000	139,481.25	954,481.25	
08/15/2024		123,181.25	123,181.25	
09/30/2024				1,077,662.50
02/15/2025	840,000	123,181.25	963,181.25	
08/15/2025		110,581.25	110,581.25	
09/30/2025				1,073,762.50
02/15/2026	870,000	110,581.25	980,581.25	
08/15/2026		97,531.25	97,531.25	
09/30/2026				1,078,112.50
02/15/2027	900,000	97,531.25	997,531.25	
08/15/2027		84,031.25	84,031.25	
09/30/2027				1,081,562.50
02/15/2028	455,000	84,031.25	539,031.25	
08/15/2028		77,206.25	77,206.25	
09/30/2028				616,237.50
02/15/2029	470,000	77,206.25	547,206.25	
08/15/2029		70,156.25	70,156.25	
09/30/2029				617,362.50
02/15/2030	485,000	70,156.25	555,156.25	
08/15/2030		62,881.25	62,881.25	
09/30/2030				618,037.50
02/15/2031	500,000	62,881.25	562,881.25	
08/15/2031		55,381.25	55,381.25	
09/30/2031				618,262.50
02/15/2032	515,000	55,381.25	570,381.25	
08/15/2032		47,334.38	47,334.38	
09/30/2032				617,715.63
02/15/2033	530,000	47,334.38	577,334.38	
08/15/2033		38,721.88	38,721.88	
09/30/2033				616,056.26
02/15/2034	550,000	38,721.88	588,721.88	
08/15/2034		29,784.38	29,784.38	
09/30/2034				618,506.26
02/15/2035	570,000	29,784.38	599,784.38	
08/15/2035		20,165.63	20,165.63	
09/30/2035				619,950.01
02/15/2036	585,000	20,165.63	605,165.63	
08/15/2036		10,293.75	10,293.75	
09/30/2036				615,459.38
02/15/2037	610,000	10,293.75	620,293.75	
09/30/2037				620,293.75
	11,685,000	3,104,906.29	14,789,906.29	14,789,906.29

Town of Addison, Texas

# TAB C: Miscellaneous

As of October 15, 2019

Miscellaneous



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## CREDIT OPINION

29 August 2019

 Rate this Research

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# Addison (Town of) TX

## Update to credit analysis

### Summary

The [Town of Addison, TX's](#) (Aaa stable) credit profile is anchored by a solid history of strong operating performance and a high level of reserves supported by conservative budgeting practices. The ample reserves have mitigated the town's reliance on economically sensitive sales tax revenues that are easily challenged during periods of economic stress. The above average reliance on sales taxes are due in part to the town's role as a major job center serving as home to several corporations, evidenced in a high daytime to nighttime population ratio. These strengths are balanced against the town's debt levels which are slightly higher than peers, although debt along with pension burdens should remain affordable over the next five to 10 years.

### Credit strengths

- » Major commercial economic center
- » History of sound financial practices evidenced by healthy reserves well above the town's policies
- » Income and wealth indicators exceed national levels

### Credit challenges

- » Debt levels are slightly elevated compared to peers
- » Above average reliance on commercial property and sales tax revenues compared to peers
- » Debt retirement is lower than peers

### Rating outlook

The stable outlook reflects the healthy local economy that will continue to benefit from ongoing development, and a strong financial position that should remain favorable supported by prudent fiscal practices.

### Factors that could lead to an upgrade

- » Not applicable

### Factors that could lead to a downgrade

- » Reduction in reserve levels
- » Tax base decline

» Sizeable debt issuance absent corresponding tax base growth

## Key indicators

Exhibit 1

Addison (Town of) TX	2014	2015	2016	2017	2018
<b>Economy/Tax Base</b>					
Total Full Value (\$000)	\$3,490,008	\$3,805,581	\$4,036,724	\$4,300,272	\$4,450,534
Population	14,594	15,087	15,363	15,455	15,730
Full Value Per Capita	\$239,140	\$252,242	\$262,756	\$278,245	\$282,933
Median Family Income (% of US Median)	112.1%	119.8%	126.3%	125.4%	125.4%
<b>Finances</b>					
Operating Revenue (\$000)	\$39,985	\$40,088	\$42,051	\$47,377	\$46,938
Fund Balance (\$000)	\$17,298	\$12,591	\$13,796	\$16,742	\$20,634
Cash Balance (\$000)	\$17,731	\$13,303	\$14,260	\$17,448	\$21,065
Fund Balance as a % of Revenues	43.3%	31.4%	32.8%	35.3%	44.0%
Cash Balance as a % of Revenues	44.3%	33.2%	33.9%	36.8%	44.9%
<b>Debt/Pensions</b>					
Net Direct Debt (\$000)	\$92,607	\$86,689	\$83,728	\$77,650	\$72,650
3-Year Average of Moody's ANPL (\$000)	\$36,701	\$51,731	\$62,796	\$67,894	\$59,716
Net Direct Debt / Full Value (%)	2.7%	2.3%	2.1%	1.8%	1.6%
Net Direct Debt / Operating Revenues (x)	2.3x	2.2x	2.0x	1.6x	1.5x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	1.1%	1.4%	1.6%	1.6%	1.3%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	0.9x	1.3x	1.5x	1.4x	1.3x

Source: Town of Addison, TX, US Government Data Sources

## Profile

The Town of Addison is located 12 miles north of downtown [Dallas](#) (A1 stable) in [Dallas County](#) (Aaa stable). The local economy boasts a high concentration of professional jobs with the daytime population well over 3 times the nighttime population. The current population is estimated at 15,800.

## Detailed credit considerations

### Economy and tax base: growing tax base serves as major job center

The town's tax base will continue to grow anchored by its role as a significant job center which supports continued demand for residential and commercial property. Similar to other municipalities with a high level of commercial property, Addison's tax base is susceptible to loss in periods of economic contraction. Thus far, the town has demonstrated the ability to manage periods of stress which we expect will continue to remain a key strength of the credit profile.

Addison is centrally located within the Dallas/Fort Worth (DFW) metro and serves as a major commercial economic center with more than 12 million square feet of office space, 23 hotels, more than 180 restaurants, and one of the largest general aviation municipal airports in the county. As a result of the high concentration of large companies and corporate jobs, the town boasts a daytime population that is over 3 times compared to the nighttime population per the North Central Texas Council of Governments. Professional job concentration has positively impacted the median family income (MFI) with the 2017 MFI at 125.4% of the nation, per the American Community Survey. This is up from the 2010 Census which reported MFI at 91.8% of the nation.

The high job concentration is responsible for a tax base composition heavily weighted towards commercial properties at 49.4% of the base. Including tangible property, total commercial values stood at 61.3% of the base based on certified fiscal 2020 values. Residential property accounts for 34.2% and is split between single and multifamily property. High commercial composition is responsible for the tax base's vulnerability to loss during period of weaker economic performance as documented in the tax base history. In spite of this, the tax base has grown by more than 45% within the past 10 years to reach \$4.8 billion in fiscal 2020. Growth in fiscal 2020 was muted at 2% over the prior year, compared to the town's five year average annual increase of 4.8%. Ongoing development, particularly

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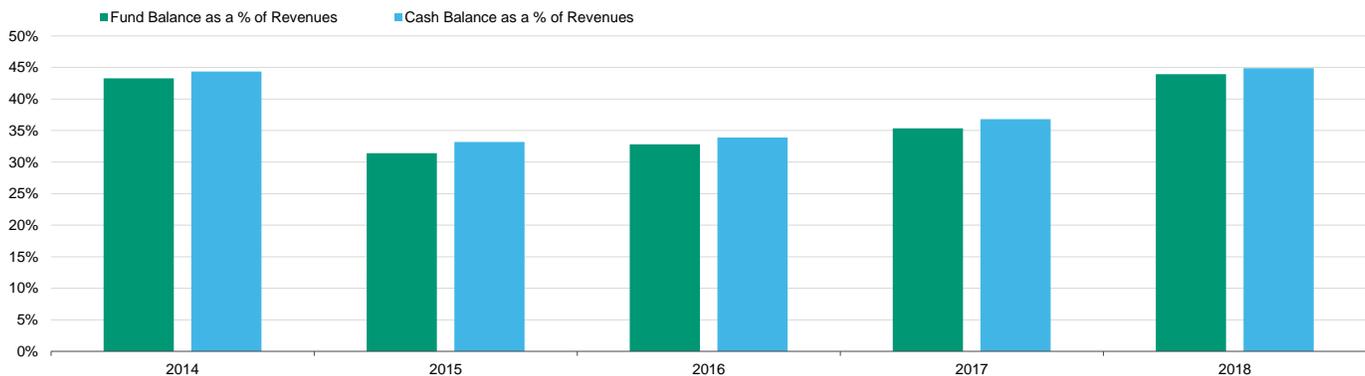
redevelopment given the town's mature nature, combined with high occupancy rates in commercial and residential spaces on top of steady economic performance, should allow the tax base growth to remain in line with peers.

### Financial performance and reserves: healthy history of solid operating performance

The town's strong operating performance should continue, guided by financial policies and practices that utilize historical information and current economic conditions to forecast financial operations. The town's track record has been solid with available operating reserves exceeding 30% of revenues in the past five years (see Exhibit 2). In fiscal 2018 (September 30 year end), the general fund recorded a \$4.6 million surplus aided by a \$2 million one time sales tax adjustment. At the end of the year, the available general fund balance was \$20.5 million, a healthy 50.8% of revenues. Including the debt service fund, the available operating reserve was \$20.6 million or 44% of operating revenues.

Exhibit 2

#### Fund balance has consistently remained above 30% of revenues within the past five years



Source: Town of Addison, TX

The fiscal 2019 budget was balanced. Year to date, city officials project balanced operations by year end. However, the town intends to transfer \$4.1 million to two funds to support paygo funding of capital items. As such, the general fund balance is expected to decrease to \$18.1 million, a still healthy 46.3% of estimated revenues.

The proposed fiscal 2020 budget also calls for balanced operations, although similar to fiscal 2019, the town expects to transfer another \$4.4 million to support its paygo efforts. While the budget will weaken the general fund balance to \$14.1 million, reserve levels will remain a favorable 35.7% of the proposed budgeted revenues. Additionally and positively, the transfers are primarily housed in two funds (Self-Funded Projects Fund and Infrastructure Investment Fund) which are unrestricted and viewed as available liquidity that can be accessed by the general fund for any reason. The reserves are expected to total \$4.8 million by fiscal year end 2019 which when added to the available operating fund balance will grow the total to \$25.5 million, a healthy 54.2% of operating revenues. The two funds are expected to have a balance of \$5.4 million at fiscal year end 2020 which will increase available reserves to \$19.6 million (49.6% of the draft budgeted revenues). The ability to maintain high level of reserves given the town's exposure to higher than average commercial property and sales taxes will remain a key consideration in the credit profile.

A majority of the town's total operating revenues including debt service fund revenues were derived from property taxes (47.9%) and sales taxes (37.5%). Within the general fund itself, sales taxes accounted for a high 43.7% of revenues in fiscal 2018, a direct result of higher commuters and visitors given abundant commercial and retail locations. Within the past five years, sales tax collections have averaged an annual increase of 4.8%. In fiscal 2018, sales taxes were up 17.2% due to a one time audit adjustment. Town officials estimate that fiscal 2019 collections will be 11.1% over the budget<sup>1</sup>. The fiscal 2020 proposed budget forecasts a 10% decrease from estimated fiscal 2019 collections in line with the town's conservative budgeting practices.

The town maintains a high degree of capacity under the \$25 per \$1,000 of assessed values statutory cap, of which no more than \$15 can be allocated to debt. However, like other Texas cities, the town's future ability to raise property tax revenue will be limited due to [recent statewide legislation](#) beginning in fiscal 2021. Despite the restriction, the town is positioned to continue to maintain a solid

financial position guided by its prudent policies and practices. In fiscal 2019, the town's tax rate was \$5.50 with \$4.07 allocated to operations and \$1.43 allocated to debt service. The tax rate is expected to go up slightly in fiscal 2020.

#### LIQUIDITY

Parallel to operating results, the town's general fund liquidity has increased, reaching \$20.9 million (51.8% of general fund revenues) in fiscal 2018. Including the debt service fund, liquidity stood at \$21.1 million (44.9% of operating revenues).

#### Debt and pensions: affordable debt and pensions

The town's debt and pension profile will remain affordable over the next three to five years supported by tax base growth and a healthy economy, as well as capacity to increase property tax revenues for debt repayment. Including the September 2019 sale, the town's total outstanding debt will reach \$110.3 million yielding a direct debt burden of 2.3% of the fiscal 2020 assessed value. Net of \$17.9 million supported by the water, sewer and drainage systems, the debt burden falls to 2%. This metric increases to 4.4% when debt by overlapping entities are included. The town currently has \$26 million in authorized unissued debt but plans to call for a \$70.6 million authorization in November which will largely address road needs.

#### DEBT STRUCTURE

Principal payout is below similarly rated peers with 59.2% of principal retired within 10 years. The debt service schedule is descending with a final maturity scheduled for 2039.

#### DEBT-RELATED DERIVATIVES

All of the town's debt is fixed rate and the town is not party to any derivative agreements. The town also does not have any privately placed debt issues.

#### PENSIONS AND OPEB

The town's unfunded pension and other post employment benefits (OPEB) liabilities should remain a manageable portion of town's total leverage. The town provides pension benefits for employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multi-employer public employee retirement system.

Addison's adjusted net pension liability (ANPL), based on a 3.6% discount rate, was \$55.9 million in fiscal 2018. By comparison, the city reported a GASB net pension liability of -\$192 thousand, based on a 6.25% discount rate; these figures are net of self support from the utility system. The town's ANPL has fluctuated over the past three to five years in part because of the town's decision to award cost of living adjustments. Under TMRS plan rules, the town has the flexibility to award cost of living adjustments (COLAs) to employees on an ad hoc basis annually. The town is required to include the COLA election in the pension liability calculation in years in which certain criteria is met per the Government Accounting Standards Board (GASB) rules. A COLA election increases the town's pension liability and town's history reflects fluctuation in reported pension liability, as a direct result. For example, at fiscal year end 2017, the town reported an unfunded liability of \$6.5 million compared to \$25.3 million at fiscal year end 2016, after adjusting for self support allocated to the utility system.

The town's pension contributions have typically accounted for less than 5% of operating revenues and have been equal to the actuarial determined contribution (ADC), including fiscal 2018 where contributions totaled 4.6% of the year's operating revenues. In fiscal 2018, the town's contribution exceeded our \$2 million "tread water" indicator which is the level at which we have determined there would be no increase in unfunded pension liability, based on reported assumptions. This is an improvement from the fiscal 2017 \$1.8 million contribution which was 57.6% of the "tread water" indicator. The town's tread water contribution level is also heavily influenced by a COLA election. As a result of GASB's requirement to include COLAs in fiscal 2016, the town's beginning net pension liability, a driver in the tread water calculation, was significantly higher in fiscal 2017, resulting in the low contributions relative to tread water. With no COLA election in 2017, the beginning net pension liability for fiscal 2018 was much lower.

The town's adjusted OPEB liability (adjusted NOL), based on a 3.6% discount rate, was \$3.9 million in fiscal 2018. At 8.4% of revenues, the town's adjusted NOL is only a small source of balance sheet leverage. The town contributed \$118,000 during the year.

Inclusive of debt service, OPEB contributions and our tread water indicator for pensions, the city's fixed costs amounted to 20.6% of revenues in fiscal 2018, compared to 29.2% in 2015, reflecting COLA inputs. When using actual pension contribution, fixed costs remain an affordable 20.9% of operating revenues.

**Management and governance: stable management team with multiyear capital and financial planning**

The town demonstrates good governance by multiyear capital and financial planning. The town also utilizes quarterly reviews of major operating funds in combination with a comparison of historical data. Financial practices are governed by conservative assumptions, as well as a historical willingness and ability to raise property tax rates during challenging financial periods, consistent with traits exhibited by a sophisticated management team. Although some of the town's ability to raise taxes will be limited by the most recent legislative change, the town's demonstrated ability for solid financial performance driven by prudent processes and practices will benefit the credit profile. The town maintains a fund balance policy equal to 25% of operations in its major operating funds, but town officials strive for a minimum of 30%.

Texas Cities have an Institutional Framework score of "Aa", which is strong. The sector's major revenue sources (property taxes and sales taxes) account for about a third of revenues each and are subject to a cap; the remaining third is derived from other fees and is not subject to a cap. Property taxes, are subject to a statutory cap of \$25 per \$1,000 of assessed values, with no more than \$15 allocated for debt. Most cities are well under the cap, and on an annual basis can increase their property tax revenues by 8% on existing property without voter approval. Most cities are at the sales tax cap for operating purposes. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs are generally less than 25% of expenditures and are primarily debt service expenditures. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

## Rating methodology and scorecard factors

The US Local Government General Obligation Debt methodology includes a scorecard, a tool providing a composite score of a local government's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare local government credits.

Exhibit 3

### Addison (Town of) TX

Rating Factors	Measure	Score
<b>Economy/Tax Base (30%)</b> <sup>[1]</sup>		
Tax Base Size: Full Value (in 000s)	\$4,819,907	Aa
Full Value Per Capita	\$305,832	Aaa
Median Family Income (% of US Median)	125.4%	Aa
<b>Notching Factors:</b> <sup>[2]</sup>		
Regional Economic Center		Up
<b>Finances (30%)</b>		
Fund Balance as a % of Revenues	44.0%	Aaa
5-Year Dollar Change in Fund Balance as % of Revenues	10.2%	Aa
Cash Balance as a % of Revenues	44.9%	Aaa
5-Year Dollar Change in Cash Balance as % of Revenues	12.2%	Aa
<b>Management (20%)</b>		
Institutional Framework	Aa	Aa
Operating History: 5-Year Average of Operating Revenues / Operating Expenditures	1.0x	Aa
<b>Debt and Pensions (20%)</b>		
Net Direct Debt / Full Value (%)	1.9%	A
Net Direct Debt / Operating Revenues (x)	2.0x	A
3-Year Average of Moody's Adjusted Net Pension Liability / Full Value (%)	1.2%	Aa
3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues (x)	1.3x	A
<b>Notching Factors:</b> <sup>[2]</sup>		
Standardized Adjustments [3]: Unusually strong or weak security features: Secured by statute		Up
	Scorecard-Indicated Outcome	Aaa
	Assigned Rating	Aaa

[1] Economy measures are based on data from the most recent year available

[2] Notching factors are specifically defined in the US Local Government General Obligation Debt methodology dated December 16, 2016

[3] Standardized adjustments are outlined in the GO Methodology Scorecard Inputs Updated for 2019 publication

Source: Town of Addison, TX Comprehensive Annual Financial Reports, 2019 Preliminary Official Statement, US Government Data Sources

## Endnotes

1 The fiscal 2019 budgeted amount was down 16.7% compared to the prior year's collection to account for the one time favorable audit adjustment

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REPORT NUMBER

1191432

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## Summary:

# Addison, Texas; General Obligation

### Primary Credit Analyst:

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Rationale

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## Summary:

# Addison, Texas; General Obligation

Credit Profile		
US\$18.0 mil comb tax and rev certs of oblig ser 2019 dtd 09/01/2019 due 02/15/2039		
<i>Long Term Rating</i>	AAA/Stable	New
Addison comb tax and rev certs of oblig ser 2018 dtd 12/01/2018 due 02/15/2039		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Addison GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Addison GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Addison GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Addison GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

## Rationale

S&P Global Ratings has assigned its 'AAA' long-term rating to Addison, Texas' series 2019 combination tax and revenue certificates of obligation. At the same time, S&P Global Ratings affirmed its 'AAA' long-term rating on the town's general obligation (GO) bonds and certificates of obligation outstanding. The outlook is stable.

### Security and use of proceeds

A limited-ad valorem tax, levied on all taxable property within the town, secures the 2019 certificates as well as the town's GO bonds and certificates outstanding. The certificates outstanding are additionally secured by surplus net revenue of the town's waterworks and sewer system in an amount not to exceed \$1,000. Given the limitation of the net utility system revenue pledge, the certificates are rated based on the town's ad valorem tax pledge.

State statutes limit the ad valorem tax rate for home rule cities to \$2.50 per \$100 of taxable assessed valuation (AV) for all city purposes. The Texas attorney general permits the allocation of \$1.50 of the \$2.50 maximum tax rate for ad valorem tax debt service. In fiscal 2019, Addison's total levy is well below the maximum at 55.00 cents per \$100 of AV, 14.26 cents of which is dedicated to debt service. Despite state statutory tax-rate limitations, we do not differentiate between the town's limited-tax debt and its general creditworthiness, since the ad valorem tax is not derived from a measurably narrower tax base and there are no limitations on the fungibility of resources, which supports our view of the town's overall ability and willingness to pay debt service. Proceeds from the series 2019 certificates will be used to finance various infrastructure related construction and improvements facilities as well as groundwater improvements related to Vitruvian Park.

## Credit overview

The rating action reflects the underlying strength of the economy, reflected in the town's very strong wealth and income levels and growing employment base. Addison's strong overall financial profile, which has historically yielded consistent and positive budgetary performance has enabled the town to cash fund a large portion of capital related expenditures from excess revenue, which somewhat limits the need for significant additional debt. In our view, its strong financial history is supported by its very strong economic characteristics, which continue to strengthen, in part due to extensive transportation initiatives, deep pool of skilled labor, and the use of economic development tools to retain and attract businesses. Adding to the town's credit strength is its robust and well-integrated management policies ensuring a very strong reserve and liquidity position that we expect will continue in the medium term. The town's elevated debt profile is a somewhat offsetting factor, but given the strength of the tax base to support the debt in addition to management's strong practices, we assess the town will likely continue to issue debt within the guidelines established in its debt policy to ensure that future debt issuance remains commensurate with economic growth.

The rating reflects our assessment of the following credit characteristics:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with strong financial policies and practices under our Financial Management Assessment methodology;
- Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2018;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2018 of 59% of operating expenditures;
- Very strong liquidity, with total government available cash at 134.4% of total governmental fund expenditures and 9.0x governmental debt service, and access to external liquidity we consider strong;
- Very weak debt and contingent liability position, with debt service carrying charges at 14.9% of expenditures and net direct debt that is 144.0% of total governmental fund revenue, as well as significant medium-term debt plans; and
- Strong institutional framework score.

## Very strong economy

We consider Addison's economy very strong. The town of Addison spans approximately 4.4 square miles, just 15 miles north of downtown Dallas and is strategically positioned along several major thoroughfares, which provide local residents and commuters direct access to employment opportunities within its boundaries and in the Dallas-Fort Worth-Arlington MSA, which we consider to be broad and diverse. The favorable location within a vibrant area has stimulated residential and commercial growth and drives above-average wealth and income indicators and historically below-average unemployment, when compared with state and national averages. The county unemployment rate was 3.7% in 2018.

The local economy is diverse and is anchored by key industries such as professional, scientific, and technical services, health care, and finance. In addition, the town has a well-educated workforce, with roughly 58% of the population holding a bachelor's degree or higher, which provides employers within the metroplex strong access to a competitive skilled labor pool. While residents of the town have convenient access to employment opportunities within the town of Dallas and throughout the Dallas-Ft. Worth metroplex, Addison itself has a multitude of employment opportunities. Given its abundance of commercial space, the town is home to several corporate headquarters, including Mary Kay Cosmetics, Bank of America, and Mattress Giant. Other key drivers of the local economy include the town's strong hotel and restaurant industries, in addition to the Addison Airport, one of the state's most used general aviation airports.

The town's property tax base growth has been historically healthy and consists predominantly of residential and commercial parcels, adding a degree of stability to its tax base. Real, residential single-family represents approximately 15.4% of the town's AV, while real commercial and industrial account for 49.3%. The town's strong tax base growth is attributed to robust commercial and residential development that town officials anticipate to continue due to an assortment of projects currently in varying stages of development. As a result of ongoing development, the town's tax base growth has averaged 4.9% over the past five years. In aggregate, the town's tax base increased by approximately \$783.1 million, or 20% since 2015. The town has a projected per capita effective buying income of 170% of the national level and per capita assessed value of \$314,410.

Addison has several economic projects that have been announced, or that are in various stages of development, which are expected to further strengthen and diversify the local economy. Some of the notable developments include the 126 acre mixed use development called Vitruvian Park that will provide a live-work-play destination. Dallas Area Rapid Transit (DART) is constructing a commuter rail line called the Silver Line that will connect to the town's existing DART station. This \$1.1 billion, 26-mile commuter rail line will traverse three counties and connect Addison to the Dallas-Fort Worth International Airport and numerous cities within the metroplex. Service is expected to commence in 2022. We assess this project will be a major mechanism for economic development in the town by improving accessibility and mobility throughout the region, stimulating additional development and commerce, and creating additional employment opportunities. We assess that the town's advantageous location, coupled with the various developments that have been completed or are in the pipeline, will support long-term economic strength and stability.

### **Very strong management**

We view the town's management as very strong, with strong financial policies and practices under our Financial Management Assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable.

Management utilizes three to five years of historical financial trend analysis to formulate the subsequent year's budget assumptions. Additionally, quarterly budget-to-actual financial reports are provided to town council, and can amend the operating budget when needed. The council annually adopts a five-year rolling capital improvement plan that identifies potential projects, and their respective funding sources. Management also prepares a five-year financial forecast that it presents to the town council annually.

The town council has a formalized and comprehensive investment management policy that is reviewed annually, and officials provide the council with quarterly investment holdings and performance reports. The town has a formalized debt management policy as well, in line with state requirements. The town's formalized fund balance policy requires general fund reserves to be held in excess of 25% of operating expenditures. The policy was adopted to prevent the deterioration of reserves in the event of a drop in revenues or emergencies. The town has historically remained in compliance with this policy.

### **Strong budgetary performance**

In our calculations, we have adjusted the town's revenues and expenditures to treat recurring transfers as either revenues or expenditures, and eliminated significant one-time expenditures funded through cash on-hand or debt proceeds. Addison's budgetary performance is strong in our opinion. The town had operating surpluses of 13.2% of expenditures in the general fund and of 12.4% across all governmental funds in fiscal 2018.

Addison consistently adopts balanced budgets based on conservative revenue and expenditure assumptions that have led to a track record of positive budget variances, contributing to the town's strong budgetary performance and resulting accumulation of very strong fund balances. The strong fiscal 2018 performance stems from conservatively estimating revenues and strict expenditure controls, which resulted in positive final budget-to-actual variances. During fiscal 2018, actual general fund expenditures were \$1.9 million less than the final budget, and revenues were \$3.8 million over budget, leading to a positive variance of \$5.7 million prior to other financing sources. Consistent positive performance at year-end has enabled the town to transfer excess revenue to self-finance various capital projects. The underlying factors for the town's positive performance at year-end was due to higher-than-anticipated collections from sales taxes coupled with savings in personnel related expenditures and contractual services in multiple departments.

The town has a predominantly locally derived revenue base and has demonstrated a broad and well-embedded culture of fiscal discipline. General fund revenues were predominantly derived from sales taxes (41%), property taxes (39%), and electric franchise fees (4%). Despite reliance on a more volatile revenue stream such as sales taxes, management utilizes conservative assumptions when forecasting sales tax revenue and overall collections remain strong with only two years that posted minimal declining annual receipts from previous years since fiscal 2010. Both property and sales tax revenues have demonstrated stable growth in recent years, and management believes this trend will continue in tandem with assessed value growth.

Addison's fiscal 2019 budget calls for break-even operations prior to incorporating other financing sources. Similar to prior years, management expects the year-end to yield positive results, allowing the town to continue to add to its available fund balance. Lastly, the town proposed a balanced budget for fiscal 2020 with a tax rate equal to the rollback rate. Based on recent history and no material source of near-term budget pressure, we anticipate that the town will continue to produce strong budgetary results in the near term as ongoing economic expansion drives operating revenue and the town maintains conservative budgeting practices.

### **Very strong budgetary flexibility**

Addison's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2018 of 59% of operating expenditures, or \$20.5 million. We expect the available fund balance to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

Addison has historically maintained very strong reserve levels, in our view, exceeding 40% of adjusted operating expenditures in the most recent three fiscal years. In addition, we assess that, in keeping with its traditionally conservative budgeting practices, the town will likely continue to budget for balanced operations annually, and it will make intra-year expenditure and revenue adjustments to outperform the budget at year-end. Additionally, the town often transfers out general fund excess revenues to cash fund one-time capital projects limiting the need to use reserves. We expect budgetary flexibility to remain very strong in the near future, due to the town's ability to budget conservatively, track record of positive variances, and history of routine surpluses.

### **Very strong liquidity**

In our opinion, Addison's liquidity is very strong, with total government available cash at 134.4% of total governmental fund expenditures and 9.0x governmental debt service in 2018. In our view, the town has strong access to external liquidity if necessary.

Addison's strong access to external liquidity is demonstrated by its issuance of general obligation debt over the past 20 years. The town does not currently have any risky investments, in our view, as the town's investments are held in U.S. agency securities, state investment pools and certificates of deposit. We understand the town does not have exposure to any variable rate debt obligations nor privately placed debt obligations that would cause contingent liability issues for the town.

### **Very weak debt and contingent liability profile**

In our view, Addison's debt and contingent liability profile is very weak. Total governmental fund debt service is 14.9% of total governmental fund expenditures, and net direct debt is 144.0% of total governmental fund revenue. Debt supported through the town's enterprise fund has been adjusted in our calculations. Addison's adopted five-year CIP serves as a blueprint to address subsequent growth and development in a prudent manner. The plan totals about \$54.3 million for fiscal years 2019-2023. All projects included in the CIP have identified funding sources that are determined with consideration of the town's financial capacity and formal debt management policy.

The town typically issues annually as part of its capital plan and generally amortizes a similar amount. We expect the town's debt burden to remain elevated, as Addison will likely issue additional debt to fund growth-related capital needs. However, we assess the town will prudently manage debt issuance relative to its rate of tax-base growth, stay in compliance of its formal debt management policy, and expect medium-debt term plans not to impair the town's overall credit quality.

### **Pension and OPEB**

Addison's combined required pension and actual other postemployment benefits (OPEB) contributions totaled 4.5% of total governmental fund expenditures in 2018. The town made its full annual required pension contribution in 2018.

The town contributes to a nontraditional, joint contributory, hybrid defined-benefit pension plan administered by the Texas Municipal Retirement System (TMRS). The town's required pension contribution is its actuarially determined contribution (ADC), which is calculated using the entry age actuarial cost method. The town has historically paid at least 100% of the ADC. In fiscal 2018, it contributed 10.62% of covered payroll, which amounted to \$2.1 million in contributions to the pension system.

Actuarial assumptions include a discount rate of 6.75% and a 28-year closed amortization period. The plan's assumed discount rate is not considered aggressive, in our opinion, though we do consider the closed amortization period of 28 years as extended, leaving greater potential for costs to grow depending on actual performance. Using updated reporting standards in accordance with Governmental Accounting Standards Board Statement No. 68, the town's net pension asset, measured as of Dec. 31, 2017, was (\$204,279). The plan's fiduciary net position as a percent of the total pension liability is 100.16%. The town was able to fully fund its pension plan in fiscal 2018 largely due to investment earnings from the town's pre-funded assets far exceeding the plans return assumption. In addition to the TMRS pension plan, Addison also participates in the cost-sharing, multiple-employer defined-benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund. The town contributes to the plan 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. In fiscal 2018, the town contributed \$5,669 to the plan, equal to its annual required contribution. The town may terminate coverage under and discontinue participation in the Supplemental Death Benefits Fund by adopting an ordinance before Nov. 1 of each calendar year.

The town also provides certain health care benefits through a single-employer, defined-benefit other post-employment benefits (OPEB) for all employees who retire from the town and receive benefits from a Town-sponsored retirement program. The town's contribution to the health plan consists of total premiums in excess of retiree contributions. Retirees receiving medical benefits during fiscal 2018 contribute \$499 to \$1,600 per month depending on coverage levels selected. In fiscal 2018, total retiree contributions were \$112,202. As of the most recent actuarial valuation (Dec. 31, 2016), the town's total OPEB liability was \$3.1 million using Governmental Accounting Standards Board No. 75 and assuming a 3.31% discount rate.

### **Strong institutional framework**

The institutional framework score for Texas municipalities is strong.

Addison's GO debt is eligible to be rated above the sovereign because we assess the town can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria "Ratings Above the Sovereign--Corporate and Government Ratings: Methodology And Assumptions" (published Nov. 19, 2013), U.S. local governments are considered to have moderate sensitivity to country risk. The town's GO pledge is the primary source of security on the debt; this severely limits the possibility of negative sovereign intervention in the payment of the debt or in the town's operations. The institutional framework in the U.S. is predictable for local governments, allowing them significant autonomy, independent treasury management, and no history of government intervention. Addison has considerable financial flexibility, as demonstrated by its very strong general fund balance as a percentage of expenditures, as well as very strong liquidity.

## **Outlook**

The stable outlook reflects our opinion that the town will likely continue to display strong budgetary performance, while maintaining its very strong reserve position, supported by its very strong management practices and policies. In addition, we believe the town will continue to experience strong economic growth and benefit from its participation in the Dallas-Fort Worth-Arlington MSA. Therefore, we do not anticipate lowering the rating over the two-year outlook

horizon.

### **Downside**

While we view it unlikely, we could lower the rating if the town's budgetary performance were to materially weaken, leading to significant and sustained draws on its very strong reserve levels. In addition, if the town's debt profile were to significantly increase, adding material stress to its budgetary performance, we could lower the rating.

### **Related Research**

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

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](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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FINANCIAL STATEMENT

FINANCIAL STATEMENT (As of September 30, 2018)

Table with financial data: Net Taxable Assessed Valuation, New Debt, Outstanding Debt, Total General Obligation Debt, Less: Self-Supporting (a), GO Debt payable from Ad Valorem Taxes, Net Debt.

(a) The Financial Advisor reports the following General Obligation Debt being paid from revenues other than ad valorem taxes; thus considered self-supporting. (b) Unaudited.

Net Debt Per Net Taxable Assessed Valuation - 1.34%
Net Debt Per Sq mile - \$14,409,292.50
Net Debt Per Capita - \$4,022.90

Net Taxable Assessed Valuation Per Capita - \$299,857.82

Bureau of Census Pop: 2000 - 14,166
Bureau of Census Pop: 2010 - 13,056
2019 Estimated Population - 15,760
Area: 4.40 Sq mile

PAYMENT RECORD

Never defaulted.

TAX DATA

Table with columns: Tax Year, A.V., Tax Rate, Adjusted Levy, % Collections Current, % Collections Total, Year Ended.

\* Reflects refund of prior year's tax collections.
\*\* Collections through October 1, 2018.

Table with columns: Tax Rate Distribution, 2018, 2017, 2016, 2015. Rows: Operations, I&S, Totals.

Tax Rate Limitation: Article XI, Section 5 of Texas Constitution, applicable to cities of more than 5,000 population: \$2.50 per \$100 assessed valuation. City operates under a Home Rule Charter which adopts the constitutional provisions.

SALES TAX

Municipal Sales Tax: The City has adopted the provisions of Municipal Sales and Use Tax Act V.T.C.A. Tax Code, Chapter 321, which grants the City power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the bonds in this report. Net allocations on calendar year basis are as follows:

Table with columns: Calendar Year, Rate, Total Collected, % of Ad Val Tax Levy, Equiv of Ad Val Tax Rate. Rows: 2015, 2016, 2017, 2018.

DETAILS OF OUTSTANDING DEBT

Details of Limited Tax Debt (Outstanding 9/30/2018)

Comb Tax & Rev C/O Ser 2012

Tax Treatment: Tax Exempt
Original Issue Amount \$14,835,000.00
Dated Date: 08/15/2012
Sale Date: 08/16/2012
Delivery Date: 09/18/2012
Sale Type: Negotiated
Record Date: MSRB
Bond Form: BE
Denomination \$5,000
Interest pays Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2013

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX
Bond Counsel: Bracewell & Giuliani LLP
Financial Advisor: First Southwest Company, Fort Worth, TX
Lead Manager: Stifel Nicolaus & Company, Inc.
Co-Manager: BOSCO, Inc.
Co-Manager: SAMCO Capital Markets, Inc.
Underwriter's Counsel: Fulbright & Jaworski L.L.P.

Security : Limited Tax and a subordinate lien on the surplus net revenues of the Waterworks & Sewer system not to exceed \$1,000

Use of Proceeds: Public Improvements.

Table with columns: Maturity, Amount, Coupon, Orig Reoffering Price/Yield. Rows: 02/15/2019 to 02/15/2037T.

Call Option: Bonds maturing on 02/15/2023 to 02/15/2032 and term bonds maturing on 02/15/2034 and 02/15/2037 callable in whole or in part on any date beginning 02/15/2022 @ par.

Term Call: Term bonds maturing on 02/15/2034:

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Mandatory Redemption Date	Principal Amount
02/15/2033	\$530,000
02/15/2034	\$550,000

Term bonds maturing on 02/15/2037:

Mandatory Redemption Date	Principal Amount
02/15/2035	\$570,000
02/15/2036	\$585,000
02/15/2037	\$610,000

GO Ref & Imp Bds Ser 2012

Tax Treatment:	Tax Exempt
Original Issue Amount	\$22,590,000.00
Dated Date:	08/15/2012
Sale Date:	08/16/2012
Delivery Date:	09/18/2012
Sale Type:	Negotiated
Record Date:	MSRB
Bond Form:	BE
Denomination	\$5,000
Interest pays	Semi-Annually: 08/15, 02/15
1st Coupon Date:	02/15/2013

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX  
 Bond Counsel: Bracewell & Giuliani LLP  
 Financial Advisor: First Southwest Company, Fort Worth, TX  
 Lead Manager: Stifel Nicolaus & Company, Inc.  
 Co-Manager: BOSC, Inc.  
 Co-Manager: SAMCO Capital Markets, Inc.  
 Underwriter's Counsel: Fulbright & Jaworski L.L.P.

Use of Proceeds: Refunding, Road & Utilities, Streets & Drainage, Communications, Park, Cost of Issuance.

Refunding Notes: This issue defeased mty(s) 2/15/2015-2/15/2019 of GO Bds Ser 2004 @ par.  
 This issue defeased mty(s) 02/15/2017, 02/15/2019, 02/15/2021 and \$100,000.00 of 2/15/2014, \$100,000.00 of 2/15/2015 of GO Ref & Imp Bds Ser 2005 @ par.

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
02/15/2019	1,820,000.00	4.0000%	1.410%
02/15/2020	885,000.00	4.0000%	1.680%
02/15/2021	920,000.00	4.0000%	1.880%
02/15/2022	875,000.00	4.0000%	2.030%
02/15/2023	910,000.00	5.0000%	2.180%
02/15/2024	955,000.00	5.0000%	2.270%
02/15/2025	1,010,000.00	5.0000%	2.360%
02/15/2026	1,060,000.00	5.0000%	2.440%
02/15/2027	1,115,000.00	5.0000%	2.510%
02/15/2028	1,170,000.00	5.0000%	2.580%
02/15/2029	1,230,000.00	5.0000%	2.650%
02/15/2030	1,295,000.00	5.0000%	2.720%
02/15/2031	1,350,000.00	3.0000%	3.210%
02/15/2032	1,385,000.00	3.1250%	3.270%
-----\$15,980,000.00			

Call Option: Bonds maturing on 02/15/2023 to 02/15/2032 callable in whole or in part on any date beginning 02/15/2022 @ par.

Comb Tax & Rev C/O Ser 2013

Tax Treatment:	Tax Exempt
Original Issue Amount	\$10,185,000.00
Dated Date:	07/15/2013
Sale Date:	07/15/2013
Delivery Date:	08/20/2013
Sale Type:	Negotiated
Record Date:	MSRB

Bond Form:	BE
Denomination	\$5,000
Interest pays	Semi-Annually: 08/15, 02/15
1st Coupon Date:	02/15/2014

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX  
 Bond Counsel: Bracewell & Giuliani LLP  
 Financial Advisor: First Southwest Company, Fort Worth, TX  
 Lead Manager: Stifel Nicolaus & Company, Inc.  
 Co-Manager: BOSC, Inc.  
 Underwriter's Counsel: Fulbright & Jaworski LLP

Security : Limited Tax and a subordinate lien on the surplus net revenues of the Waterworks & Sewer system not to exceed \$1,000

Airport 28.57%  
Drainage 71.43%

Use of Proceeds: Public Improvements.

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
02/15/2019	405,000.00	3.0000%	2.000%
02/15/2020	415,000.00	3.0000%	2.300%
02/15/2021	430,000.00	4.0000%	2.600%
02/15/2022	450,000.00	4.0000%	2.850%
02/15/2023	470,000.00	5.0000%	3.050%
02/15/2024	490,000.00	5.0000%	3.250%
02/15/2025	515,000.00	5.0000%	3.500%
02/15/2026	545,000.00	5.0000%	3.650%
02/15/2027	575,000.00	5.0000%	3.800%
02/15/2028	600,000.00	5.0000%	3.920%
02/15/2029	630,000.00	4.1000%	4.250%
02/15/2030	655,000.00	4.1500%	4.320%
02/15/2031	685,000.00	4.2500%	4.400%
02/15/2032	715,000.00	4.3000%	4.450%
02/15/2033	750,000.00	4.3750%	4.500%
-----\$8,330,000.00			

Call Option: Bonds maturing on 02/15/2024 to 02/15/2033 callable in whole or in part on any date beginning 02/15/2023 @ par.

GO Bds Ser 2013A (AMT)

Tax Treatment:	Alt. Min. Tax
Original Issue Amount	\$1,875,000.00
Dated Date:	07/15/2013
Sale Date:	07/15/2013
Delivery Date:	08/20/2013
Sale Type:	Negotiated
Record Date:	MSRB
Bond Form:	BE
Denomination	\$5,000
Interest pays	Semi-Annually: 08/15, 02/15
1st Coupon Date:	02/15/2014

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX  
 Bond Counsel: Bracewell & Giuliani LLP  
 Financial Advisor: First Southwest Company, Fort Worth, TX  
 Lead Manager: Stifel Nicolaus & Company, Inc.  
 Co-Manager: BOSC, Inc.  
 Underwriter's Counsel: Fulbright & Jaworski LLP

Use of Proceeds: Airport.

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
02/15/2023T	405,000.00	4.1250%	3.600%
02/15/2028T	500,000.00	4.2500%	4.400%

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02/15/2033T 630,000.00 4.8000% 4.900%
-----\$1,535,000.00

Call Option: Term bonds maturing on 02/15/2028 and 02/15/2033 callable in whole or in part on any date beginning 02/15/2023 @ par.

Term Call: Term bonds maturing on 02/15/2023:
Mandatory Redemption Date Principal Amount
02/15/2019 \$75,000
02/15/2020 \$75,000
02/15/2021 \$80,000
02/15/2022 \$85,000
02/15/2023 \$90,000

Term bonds maturing on 02/15/2028:
Mandatory Redemption Date Principal Amount
02/15/2024 \$90,000
02/15/2025 \$95,000
02/15/2026 \$100,000
02/15/2027 \$105,000
02/15/2028 \$110,000

Term bonds maturing on 02/15/2033:
Mandatory Redemption Date Principal Amount
02/15/2029 \$115,000
02/15/2030 \$120,000
02/15/2031 \$125,000
02/15/2032 \$130,000
02/15/2033 \$140,000

GO Bds Tax-Exempt Ser 2013

Tax Treatment: Tax Exempt
Original Issue Amount \$4,665,000.00
Dated Date: 07/15/2013
Sale Date: 07/15/2013
Delivery Date: 08/20/2013
Sale Type: Negotiated
Record Date: MSRB
Bond Form: BE
Denomination \$5,000
Interest pays Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2014

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX
Bond Counsel: Bracewell & Giuliani LLP
Financial Advisor: First Southwest Company, Fort Worth, TX
Lead Manager: Stifel Nicolaus & Company, Inc.
Co-Manager: BOSC, Inc.
Underwriter's Counsel: Fulbright & Jaworski LLP

Use of Proceeds: Airport, Streets.

Table with 4 columns: Maturity, Amount, Coupon, Orig Reoffering Price/Yield. Rows include maturities from 02/15/2019 to 02/15/2033.

-----\$3,855,000.00

Call Option: Bonds maturing on 02/15/2024 to 02/15/2033 callable in whole or in part on any date beginning 02/15/2023 @ par.

GO Bds Taxable Ser 2013B

Tax Treatment: Taxable
Original Issue Amount \$1,250,000.00
Dated Date: 07/15/2013
Sale Date: 07/15/2013
Delivery Date: 08/20/2013
Sale Type: Negotiated
Record Date: MSRB
Bond Form: BE
Denomination \$5,000
Interest pays Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2014

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX
Bond Counsel: Bracewell & Giuliani LLP
Financial Advisor: First Southwest Company, Fort Worth, TX
Lead Manager: Stifel Nicolaus & Company, Inc.
Co-Manager: BOSC, Inc.
Underwriter's Counsel: Fulbright & Jaworski LLP

Use of Proceeds: Airport.

Table with 4 columns: Maturity, Amount, Coupon, Orig Reoffering Price/Yield. Rows include maturities 02/15/2023T and 02/15/2033T.

-----\$1,030,000.00

Call Option: Term bonds maturing on 02/15/2033 callable in whole or in part on any date beginning 02/15/2023 @ par.

Term Call: Term bonds maturing on 02/15/2023:

Table with 2 columns: Mandatory Redemption Date, Principal Amount. Rows include dates from 02/15/2014 to 02/15/2023.

Term bonds maturing on 02/15/2033:

Table with 2 columns: Mandatory Redemption Date, Principal Amount. Rows include dates from 02/15/2024 to 02/15/2033.

Comb Tax & Rev C/O Ser 2014

Tax Treatment: Tax Exempt
Original Issue Amount \$7,565,000.00
Dated Date: 02/15/2014
Sale Date: 02/25/2014
Delivery Date: 03/27/2014

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Sale Type: Competitive
TIC: 3.2872%
Record Date: MSRB
Bond Form: BE
Denomination: \$5,000
Interest pays: Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2015

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX
Bond Counsel: Bracewell & Giuliani LLP
Financial Advisor: First Southwest Company, Fort Worth, TX
Lead Manager: Citigroup Global Markets Inc.
Co-Manager: Comerica Securities
Co-Manager: JPMorgan Chase Bank
Co-Manager: Ramirez & Co., Inc.
Co-Manager: Stifel Nicolaus & Company, Inc.
Co-Manager: UBS Securities LLC

Security : Limited Tax and a Subordinate lien on the surplus Surplus revenues of the Water & Sewer system not to exceed \$1,000

Water & Sewer 100.00%

Use of Proceeds: Water & Sewer.

Table with columns: Maturity, Amount, Coupon, Orig Reoffering Price/Yield. Rows list maturities from 02/15/2019 to 02/15/2034 with corresponding amounts and yields.

Call Option: Bonds maturing on 02/15/2025 to 02/15/2034 callable in whole or in part on any date beginning 02/15/2024 @ par.

GO Bds Tax-Exempt Ser 2014

Tax Treatment: Tax Exempt
Original Issue Amount \$12,000,000.00
Dated Date: 02/15/2014
Sale Date: 02/25/2014
Delivery Date: 03/27/2014
Sale Type: Competitive
TIC: 3.2878%
Record Date: MSRB
Bond Form: BE
Denomination: \$5,000
Interest pays: Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2015

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX
Bond Counsel: Bracewell & Giuliani LLP
Financial Advisor: First Southwest Company, Fort Worth, TX
Lead Manager: Piper Jaffray & Co.

Use of Proceeds: Road & Utilities, Streets.

Table with columns: Maturity, Amount, Coupon, Orig Reoffering Price/Yield. Rows list maturities from 02/15/2019 to 02/15/2034T with corresponding amounts and yields.

Call Option: Bonds maturing on 02/15/2025 to 02/15/2032 and term bonds maturing on 02/15/2034 callable in whole or in part on any date beginning 02/15/2024 @ par.

Term Call: Term bonds maturing on 02/15/2034:

Table with columns: Mandatory Redemption Date, Principal Amount. Rows show 02/15/2033 (\$860,000) and 02/15/2034 (\$895,000).

GO Ref Bds Ser 2014 (AMT)

Tax Treatment: Alt. Min. Tax
Original Issue Amount \$2,145,000.00
Dated Date: 02/15/2014
Sale Date: 02/25/2014
Delivery Date: 03/27/2014
Sale Type: Competitive
TIC: 1.4621%
Record Date: MSRB
Bond Form: BE
Denomination: \$5,000
Interest pays: Semi-Annually: 02/15, 08/15
1st Coupon Date: 08/15/2014

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX
Bond Counsel: Bracewell & Giuliani LLP
Financial Advisor: First Southwest Company, Fort Worth, TX
Lead Manager: Citigroup Global Markets Inc.
Co-Manager: Comerica Securities
Co-Manager: JPMorgan Chase Bank
Co-Manager: Ramirez & Co., Inc.
Co-Manager: Stifel Nicolaus & Company, Inc.
Co-Manager: UBS Securities LLC

Airport 100.00%

Use of Proceeds: Refunding.

Refunding Notes: This bond refunded maturities from the following issues:

Table with columns: Refunded Amount, Mat Date, Sched Call, Price. Rows list refunded amounts from 315,000.00 to 390,000.00 with maturity and call dates.

Table with columns: Maturity, Amount, Coupon, Orig Reoffering Price/Yield. Rows list maturities from 02/15/2019 to 02/15/2020 with corresponding amounts and yields.

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02/15/2019	370,000.00	1.5000%	1.450%
02/15/2020	380,000.00	2.0000%	1.850%
-----\$750,000.00			

Call Option: Non Callable

**GO Ref Bds Ser 2016**

Tax Treatment:	Tax Exempt
Original Issue Amount	\$23,560,000.00
Dated Date:	05/01/2016
Sale Date:	05/13/2016
Delivery Date:	06/09/2016
Sale Type:	Negotiated
NIC:	2.6722%
Record Date:	MSRB
Bond Form:	BE
Denomination	\$5,000
Interest pays	Semi-Annually: 02/15, 08/15
1st Coupon Date:	08/15/2016

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX  
 Bond Counsel: Bracewell LLP, Dallas, TX  
 Financial Advisor: FirstSouthwest, a Division of Hilltop Securities Inc., Fort Worth, TX  
 Lead Manager: Citigroup Global Markets Inc.  
 Co-Manager: Piper Jaffray & Co.  
 Underwriter's Counsel: McCall, Parkhurst & Horton L.L.P., Dallas, TX

Water & Sewer 23.64%

Use of Proceeds: Refunding.

Refunding Notes: This bond refunded maturities from the following issues:

**Comb Tax & Rev C/O Ser 2008**

Refunded Amount	Mat Date	Coupon	Price	Sched Call
1,380,000.00	02/15/2019	4.000	Par	02/15/2018
1,445,000.00	02/15/2020	4.000	Par	02/15/2018
1,510,000.00	02/15/2021	4.125	Par	02/15/2018
1,585,000.00	02/15/2022	4.250	Par	02/15/2018
1,660,000.00	02/15/2023	4.250	Par	02/15/2018
1,735,000.00	02/15/2024	5.000	Par	02/15/2018
1,820,000.00	02/15/2025	4.375	Par	02/15/2018
1,905,000.00	02/15/2026	4.500	Par	02/15/2018
1,995,000.00	02/15/2027	5.000	Par	02/15/2018
2,090,000.00	02/15/2028	4.500	Par	02/15/2018
1,715,000.00	02/15/2029	4.500	Par	02/15/2018
1,795,000.00	02/15/2030	4.625	Par	02/15/2018
1,880,000.00	02/15/2031	5.000	Par	02/15/2018
1,965,000.00	02/15/2032	4.625	Par	02/15/2018
2,060,000.00	02/15/2033	4.625	Par	02/15/2018

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
02/15/2019	1,250,000.00	3.0000%	0.860%
02/15/2020	1,305,000.00	4.0000%	0.970%
02/15/2021	1,360,000.00	4.0000%	1.090%
02/15/2022	1,430,000.00	4.0000%	1.220%
02/15/2023	1,495,000.00	4.0000%	1.360%
02/15/2024	1,550,000.00	4.0000%	1.480%
02/15/2025	1,615,000.00	4.0000%	1.630%
02/15/2026	1,695,000.00	5.0000%	1.780%
02/15/2027	1,775,000.00	5.0000%	1.910%
02/15/2028	1,865,000.00	5.0000%	2.000%
02/15/2029	1,485,000.00	5.0000%	2.080%
02/15/2030	1,565,000.00	5.0000%	2.140%
02/15/2031	1,645,000.00	5.0000%	2.200%
02/15/2032	1,715,000.00	5.0000%	2.260%
02/15/2033	1,810,000.00	5.0000%	2.320%

-----\$23,560,000.00

Call Option: Bonds maturing on 02/15/2027 to 02/15/2033 callable in whole or in part on any date beginning 02/15/2026 @ par.

**Comb Tax & Rev C/O Ser 2018**

Tax Treatment:	Tax Exempt
Original Issue Amount	\$13,115,000.00
Dated Date:	12/01/2018
Sale Date:	12/11/2018
Delivery Date:	01/10/2019
Sale Type:	Competitive
TIC:	3.3029%
Record Date:	MSRB
Bond Form:	BE
Denomination	\$5,000
Interest pays	Semi-Annually: 02/15, 08/15
1st Coupon Date:	08/15/2019

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX  
 Bond Counsel: Bracewell LLP, Dallas, TX  
 Financial Advisor: Hilltop Securities Inc., Fort Worth, TX  
 Lead Manager: BOK Financial Securities, Inc.

Security : Limited Tax and a Subordinate lien on the Surplus revenues of the Water & Sewer system not to exceed \$1,000.

Airport 51.85%  
 Water & Sewer 48.15%

Use of Proceeds: Public Improvements.

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
02/15/2020	215,000.00	4.0000%	1.860%
02/15/2021	475,000.00	3.0000%	1.960%
02/15/2022	490,000.00	4.0000%	2.030%
02/15/2023	510,000.00	3.0000%	2.060%
02/15/2024	525,000.00	3.0000%	2.150%
02/15/2025	540,000.00	3.0000%	2.240%
02/15/2026	560,000.00	4.0000%	2.440%
02/15/2027	580,000.00	4.0000%	2.540%
02/15/2028	610,000.00	5.0000%	2.550%
02/15/2029	645,000.00	5.0000%	2.640%
02/15/2030	670,000.00	4.0000%	2.780%
02/15/2031	700,000.00	4.0000%	2.890%
02/15/2032	725,000.00	4.0000%	3.050%
02/15/2033	755,000.00	4.0000%	3.150%
02/15/2034	785,000.00	3.2500%	3.300%
02/15/2035	805,000.00	3.2500%	3.400%
02/15/2036	835,000.00	3.3750%	3.460%
02/15/2037	865,000.00	3.3750%	3.520%
02/15/2038	895,000.00	3.5000%	3.600%
02/15/2039	930,000.00	3.6250%	3.650%
			-----\$13,115,000.00

Call Option: Bonds maturing on 02/15/2029 to 02/15/2039 callable in whole or in part on any date beginning 02/15/2028 @ par.

**Grand Total =====> \$97,955,000.00**

**Bond Debt Service**

Period Ending	Principal	Interest	Debt Service
09/30/19	5,650,000.00	3,591,956.49	9,241,956.49
09/30/20	5,060,000.00	3,618,568.13	8,678,568.13

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Table with 4 columns: Date, Column 1, Column 2, Column 3. Rows from 09/30/21 to 09/30/39, with a total row at the bottom.

COMPUTED ON BASIS OF MANDATORY REDEMPTION

Debt Amortization Rates

Table with 3 columns: Period Ending, Principal, % of Principal Retired. Rows from 09/30/2019 to 09/30/2039.

DEBT SERVICE FUND MANAGEMENT INDEX

Table with 2 columns: Description, Amount. Rows for G.O. Debt Service Requirements, I&S Fds, 2018 I&S Fund Tax Levy, Airport, Drainage, Water & Sewer.

\* The tax levy collection percentage would have to be 98% to meet debt service requirements.

OPERATING STATEMENT

OPERATING EXPERIENCES The following condensed statements have been compiled using accounting principles customarily employed in the determination of net

revenues available for debt service, and in all instances exclude depreciation, transfers, debt service payments and expenditures identified as capital.

Table for AIRPORT with columns: Description, 09-30-2017, 09-30-2016, 09-30-2015, 09-30-2014. Rows for Revenues (Rent, Other), Total Revenues, Expenses, Available For Debt Service.

Table for HOTEL OCCUPANCY TAX with columns: Description, 09-30-2017, 09-30-2016, 09-30-2015, 09-30-2014. Rows for Revenues (Hotel Occ Tax, Other), Total Revenues, Expenses, Available For Debt Service.

Table for STORMWATER UTIL SYS with columns: Description, 09-30-2017, 09-30-2016, 09-30-2015, 09-30-2014. Rows for Revenues, Expenses, Available For Debt Service.

Table for WW&SS with columns: Description, 09-30-2017, 09-30-2016, 09-30-2015, 09-30-2014. Rows for Revenues (Charges for Services, Other), Total Revenues, Expenses (Water Purchased, Sewer Contract, Other), Total Expenses, Available For Debt Service.

SYSTEM DESCRIPTION AND PERTINENT CONTRACTS

WATER SUPPLY The Town operates and maintains its own water and sewer utility system. The Town purchases water from the City of Dallas and delivers its sewage to the City of Dallas treatment facilities or at the Trinity River Authority's northern region treatment plant.

TRINITY RIVER AUTHORITY - REGIONAL WASTEWATER SYSTEM CONTRACT (See TMR #5861 for additional information including all contracting parties)

Date of Contract: October 1995, as amended

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Length of Contract: Life of the Bonds
Amount Outstanding: \$1,108,990,000 as of August 15, 2018

Payments made by the Town constitute operating and maintenance expenses of its waterworks and sewer system pursuant to Articles 1109i and 1113, VACS and Chapter 25, Texas Water Code.

Nature of Contract: TRA issued Revenues Bonds (and used federal construction grants) to construct and improve a central regional wastewater system for the contracting cities. Each contracting city has agreed to pay TRA a share of operation and maintenance expenses of the System and debt service requirements on the Bonds.

FARMERS BRANCH SEWER TUNNEL PROJECT (See TMR #1488 CITY OF FARMERS BRANCH ASSESSMENT & UTILITY SYSTEM)

Date of Interlocal Sanitary Sewer Interceptor Agreement: March 18, 1991
Length of Contract: 30 years

Nature of Contract: The Town and the City of Farmers Branch created the North Dallas Water Supply Corporation in 1991 for the purpose of issuing bonds to construct and operate a joint sanitary sewer interceptor project. The Town will pay its proportionate share to construct, own, operate, and maintain the Project. The Project was substantially complete on September 30, 1996.

RATES AND FEES

Water Rates

Old Rates (Effective as of October 1, 2017)

Table with 2 columns: Gallons, Rate. Residential: First 2,000 \$ 11.89(Min), Over 2,000 2.94/M. Small Commercial: First 5,000 \$ 20.72(Min), Over 5,000 2.94/M.

Small Commercial

Table with 2 columns: Gallons, Rate. Small Commercial: First 5,000 \$ 20.72(Min), Over 5,000 2.94/M.

New Rates (Effective as of October 1, 2018)

Table with 2 columns: Gallons, Rate. Residential: First 2,000 \$ 12.84(Min), Over 2,000 3.18/M.

Small Commercial

Table with 2 columns: Gallons, Rate. Small Commercial: First 5,000 \$ 22.38(Min), Over 5,000 3.18/M.

Sewer/Wastewater Rates

Old Rates (Effective as of October 1, 2017)

Table with 2 columns: Gallons, Rate. Residential: First 2,000 \$ 14.06(Min), Over 2,000 4.74/M\*.

\* Maximum 8,000

Small Commercial

Table with 2 columns: Gallons, Rate. Small Commercial: First 5,000 \$ 28.26(Min), Over 5,000 4.74/M.

New Rates (Effective as of October 1, 2018)

Table with 2 columns: Gallons, Rate. Residential: First 2,000 \$ 15.18(Min).

Over 2,000 5.12/M\*

\* Maximum 8,000

Table with 2 columns: Gallons, Rate. Small Commercial: First 5,000 \$ 30.52(Min), Over 5,000 5.12/M.

AUTHORIZED BUT UNISSUED

GENERAL OBLIGATION BONDS AUTHORIZED BUT UNISSUED\*

Table with 5 columns: Election Date, Purpose, Amount Authorized, Issued To Date, Unissued. Rows include Airport Improvements, Communication System, Park, Parking Garage, Road, Street, and a Total row.

\* Excludes authorizations from the following election proposition(s) because the remaining authorization is deemed too small or too old:

Table with 2 columns: Date, Amount. Rows: 10/17/1981 - \$1,000,000 Library, 10/17/1981 - \$445,000 Sewer, 10/17/1981 - \$3,225,000 Water.

PENSION FUND LIABILITY

All qualified employees of the City are members of the Texas Municipal Retirement System. The City employees also participate in the U.S. Social Security program.

Required Contribution Rates (Percentage of gross covered salary)

Table with 3 columns: Employee, 2019, 2018. Rows: Employee: 7.00%, 7.00%; Maximum Rate: 15.50%, 15.50%; City: 10.86%, 10.62%.

Table with 3 columns: Actuarial Valuation as of, 12/31/2017, 12/31/2016. Rows: Assets, Accrued Liabilities.

(Unfunded)/Overfunded Liab. (\$5,036,047) (\$4,850,414)

Table with 3 columns: Funded Ratio, Annual Covered Payroll, (Unfunded)/Overfunded Liability as a % of Covered Payroll. Rows: 96.01%, 95.97%; \$18,895,541, \$18,098,559; (26.65)%, (26.80)%.

Table with 3 columns: Pension Liability - Beginning, Pension Liability - Ending (a), 12/31/2017, 12/31/2016. Rows: \$120,425,219, \$136,067,935; \$126,145,081, \$120,425,219.

Table with 3 columns: Contributions Employer, Contributions Employee, 12/31/2017, 12/31/2016. Rows: \$1,942,088, \$1,743,443; \$1,323,808, \$1,266,899.

Table with 3 columns: Plan Fiduciary Net Position Beg, Plan Fiduciary Net Position End (b), 12/31/2017, 12/31/2016. Rows: \$113,444,939, \$109,184,735; \$126,349,360, \$113,444,939.

Net Pension Liability (a) - (b) (Pension Liab - Fiduciary Position) (\$204,279) \$6,980,280

Table with 3 columns: Plan Fiduciary Net Position as a % of Total Pension Liability, 100.16%, 94.20%.

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Covered Employee Payroll	18,895,541	18,098,559
Net Pension Liability as a % of Covered Payroll	-1.08%	38.57%
Membership Data		
Inactive employees or beneficiaries currently receiving benefits	196	191
Inactive employees entitled to but not yet receiving benefits	221	218
Active employees	257	246
Total	674	655

Source: Texas Municipal Retirement System

POST EMPLOYMENT HEALTH BENEFITS: GASB STATEMENT 45 GASB released the Statement of Governmental Accounting Standards No. 45 (GASB 45), Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions (OPEB), in June 2004. The City has implemented GASB 45 for the fiscal year beginning October 1, 2009. GASB 45 sets forth standards for measurement, recognition, and display of post-employment benefits, other than pensions, such as health and life insurance for current and future retirees.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations were as follows:

Fiscal Year Ended	Annual OPEB Costs	Cost Contributed	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$201,225	\$164,742	81.9%	\$465,473
2016	\$207,455	\$186,774	90.0%	\$486,154
2017	\$235,574	\$127,439	54.1%	\$770,240

As of December 31, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,827,548, all of which was unfunded. The covered payroll was \$18,098,559 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 15.62%.

Source: Comprehensive Annual Financial Report dated September 30, 2017.

NON FUNDED DEBT

NON-FUNDED DEBT PAYABLE (As of September 30, 2017)

The City reports additional debt in the principal amount of \$511,000 under Business Activities and \$8,285,000 under Govt Activities as follows:

	Amount Outstanding	Int Rate	Next Year's Requirements	Reported Under
Note	\$245,000	0.00%	\$62,500	Business Activities
Pension Liability*	\$180,000	N/A	N/A	Business Activities
OPEB*	\$23,000	N/A	N/A	Business Activities
Compensated Absences	\$63,000	N/A	N/A	Business Activities
Pension Liability*	\$6,800,000	N/A	N/A	Govt Activities
Compensated Absences	\$738,000	N/A	N/A	Govt Activities
OPEB*	\$747,000	N/A	N/A	Govt Activities

\* See PENSION FUND LIABILITY section for details of this obligation.

OVERLAPPING DEBT

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Debt Amount	As Of	%Ovlp	Ovlp Amt
Carrollton-Farmers Branc	\$155,570,000	* 12/31/18	1.42	\$2,209,094
Dallas Co	172,265,000	* 12/31/18	1.69	2,911,279
Dallas Co CCD	224,030,000	* 12/31/18	1.69	3,786,107

Dallas Co Hosp Dist	658,485,581	12/31/17	1.69	11,128,406
Dallas Co Schools	33,815,000	* 12/31/18	2.08	703,352
Dallas ISD	2,686,093,859	06/30/17	3.38	90,789,972
Total Overlapping Debt:				\$111,528,210
Addison, Town of		09/30/18		\$63,400,887
Total Direct and Overlapping Debt:				\$174,929,097
Total Direct and Overlapping Debt % of A.V.:				3.70%
Total Direct and Overlapping Debt per Capita:				\$11,100

\* Gross Debt

MATERIAL EVENTS AND OTHER FILINGS

This section contains excerpt(s) from or a summary of filings made by or on behalf of the issuer. The information below is an extract or summary only. The complete filing should be viewed on the Texas MAC website (www.mactexas.com) or the Electronic Municipal Market Access (EMMA) System of the Municipal Securities Rulemaking Board (https://emma.msrb.org/). See TMR disclaimer at the bottom of this page.

11/29/2018 - Moody's Underlying: Upgrade on 11/28/2018

"On November, 28 2018, the underlying rating for the debt of the Issuer, as assigned by Moody's Investor Services, has been upgraded to Aaa from Aa1."

ECONOMIC BACKGROUND

The Town of Addison, located in the "platinum corridor of North Dallas", is a retail, business and aviation center located 12 miles north of downtown Dallas, adjoining the Cities of Dallas, Farmers Branch, and Carrollton. Addison is bounded on the east by the extension of the Dallas North Tollway and is bisected east to west by Belt Line Road. The Town's 2010 population was 13,056, decreasing 7.84% since 2000. The Town is the location of an airport, as well as manufacturers and suppliers associated with the aviation industry.

COUNTY CHARACTERISTICS: Dallas County was created in 1846 from Nacogdoches and Robertson Counties and named for the U.S. Vice-President, George Mifflin Dallas. The north central Texas county is the major component of the Dallas Primary Metropolitan Statistical Area. Dallas County is a national center for insurance, banking, electronics, conventions, aircraft manufacturing, and trade shows. As one of the nation's leading convention centers, as well as trade and market centers, Dallas County receives an estimated 1,000,000 visitors annually.

COUNTY SEAT: Dallas

2010 census: 2,368,139 increasing 6.7% since 2000  
2000 census: 2,218,899 increasing 19.8% since 1990  
1990 census: 1,852,810

ECONOMIC BASE  
Mineral: sand, oil, gravel and gas.

Industry: U.S. Customs, transportation, trade center, telecommunications, government, electronic equipment, data processing and conventions.

Agricultural: wheat, soybeans, horticulture, horses, hay, crops and corn.

OIL AND GAS - 2017

The gas production for this county accounts for 0.11% of the total state production. The county ranks 88 out of all the counties in Texas for gas production.

GAS WELL PRODUCTION (Texas Railroad Commission)			
Year	Description	Volume	% Change From Previous Year
2015	GW Gas	7,587,992 MCF	-25.09
2016	GW Gas	5,917,443 MCF	-22.02

This Texas Municipal Report ("TMR") was prepared by employees of the Municipal Advisory Council of Texas ("MAC") for informational purposes only, and is not intended to be, and should not be considered as, a recommendation, endorsement or solicitation to buy or sell any security of the issuer to which it applies. The information set forth in this TMR has been obtained from the issuer and from sources believed to be reliable, but the MAC has not independently verified such information. The MAC specifically disclaims any responsibility for, and makes no representations, warranties or guarantees about, the completeness or accuracy of such information. In this connection, this TMR reflects information as of the date referred to in the TMR, as derived from filings received by the MAC from the issuer. This TMR will be updated in the ordinary course as filings are received from the issuer, but the MAC specifically disclaims any responsibility for doing so. The reader of this TMR is advised to obtain current information from other sources before making any investment decision respecting the securities of this issuer.



2017 GW Gas 5,090,904 MCF -13.97

Table with 3 columns: Year, Description, Volume. Rows for 2015-2017 Cedar Hill State Park visitors.

Table with 4 columns: Year, Retail Sales, Effective Buying Income (EBI), County Median Household Income, State Median Household Income, % of Households with EBI below \$25K, % of Households with EBI above \$25K.

Table with 6 columns: Year, Employed, Earnings. Rows for 2018, 2017, 2016 and 4 quarters.

MAJOR COLLEGES AND UNIVERSITIES: University of Texas at Dallas, University of North Texas at Dallas, University of Dallas, The University of Texas Southwestern Medical at Dallas, Southern Methodist University, Paul Quinn College, Dallas County Community College District, Dallas Baptist University, Amberon University

Table with 3 columns: Year, Total, Fall Enrollment. Rows for 2017-2008.

TOP EMPLOYERS

Table with 2 columns: Major Employers(a), # Employees. Lists Mary Kay Cosmetics, Bank of America, etc.

(a) Source: Town of Addison CAFR dated September 30, 2017.

TOP TAXPAYERS

Table with 3 columns: Principal Taxpayers, 2018 A.V., % of A.V. Lists FPG Colonnade LP, Post Addison Circle Apartments, etc.

As shown in the table above, the top ten taxpayers in the District currently account for over 23% of the District's tax base. Adverse developments in economic conditions could adversely impact the businesses in the District and the tax values in the District, resulting in less local tax revenue.

FINANCE CONNECTED OFFICIALS

Mayor
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Tax Assessor/Collector
John R. Ames

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**RP**

