

Summary of Principal Legal Documents

Resolution Authorizing the Sale of Bonds

This resolution establishes the preconditions necessary for the sale of the bonds, citing the law authorizing the sale of general obligation bonds (the “Law”), the ordinance adopted by the City on March 5, 2018 authorizing an election for the sale of general obligation bonds (the “Ordinance”), and the affirmative vote authorizing the sale of the bonds (the “Election”). It establishes the City’s intent to sell the 2023 Bonds in an amount not to exceed \$5 million in accordance with Law, the Ordinance, and the Election and authorizes such bond issuance and approves the forms of certain required documents (the Preliminary Official Statement, the Official Statement, the Continuing Disclosure Certificate, and the Official Notice of Sale). It further appoints US Bank and Trust Company as the Paying Agent Bond Registrar, Jones Hall as bond counsel and disclosure counsel, and William Euphrat Municipal Finance, Inc. as municipal advisor, and further authorizes the Mayor, City Manager, Finance Director and City Clerk to execute and deliver such documents as each may deem necessary or advisable to consummate the sale and delivery of the bonds.

Supplement to the Resolution Authorizing the Sale of Bonds

This document establishes the terms of the sale of the 2023 Bonds and describes the City’s obligations to collect tax revenues and pay debt service on the bonds. Under the Supplement, the City pledges all moneys derived from the levy of the ad valorem tax for the payment of interest on and the principal of the 2023 Bonds. The Supplement serves as a contract with bondowners. It fixes the denominations, payment terms and similar such terms of the 2023 Bonds and establishes covenants of the City, events of default, remedies of bondowners, duties of the paying agent for the 2023 Bonds, bond redemption provisions and miscellaneous other provisions relating to the 2023 Bonds and the security therefor.

Resolution Approving Tax Rate for FY 2023-2024

This resolution establishes the tax rate (expressed in dollars per \$100) sufficient to pay debt service on the 2020 Bonds outstanding in FY 2023-2024. The City must collect on the FY 2023-2024 secured tax roll sufficient revenues to pay the February 2024 debt service payments and the August 2024 debt service payments for the 2020 Bonds. Those payments on the 2023 bonds will be paid from the premium collected at closing from the underwriter. The tax rate applies only to the 2020 bonds. The tax rate for FY 2023-2024 is \$0.02791 per \$100 of taxable assessed value.

Preliminary Official Statement and Final Official Statement

The preliminary official statement is the primary disclosure document provided to investors in connection with the City’s issuance of the 2023 Bonds. Disclosure of

material facts and risks is a prudent and necessary condition to the issuance of bonds. It discloses material information regarding the City, the authority for and purpose of the 2023 Bonds, the Levee Project, the security for the payment of interest on and the repayment of the principal of the 2023 Bonds, the terms of the 2023 Bonds and the redemption provisions therefor, debt service on the 2023 Bonds, material risk factors relating to the City's collection of taxes to make payments on the 2023 Bonds, material risk factors relating to the security for the 2023 Bonds in general, and other miscellaneous matters. After sale of the 2023 Bonds, missing information such as the bond interest rates and yields, redemption provisions and the underwriting discount for the 2023 Bonds will be filled in and a final official statement will be delivered to bond purchasers.

Official Notice of Sale

The official notice of sale is distributed to prospective initial purchasers of the Bonds (municipal bond underwriting firms that redistribute the 2023 Bonds to the investing public). It briefly outlines the terms of the 2023 Bonds (dated date, form, denominations, maturity dates and amounts, payment dates and the places therefore, transfer and exchange, purpose of and security for, redemption provisions, tax exempt status) and stipulates the terms of the sale and how 2023 Bonds are to be awarded.

The 2023 Bonds will be offered pursuant to an internet-based auction and will be awarded to the bidder that offers the City the lowest true interest cost. The true interest cost is a measure of the City's interest cost that reflects the time value of money. It is calculated as the nominal annual discount rate which, when compounded semiannually, and when used to discount the sum of all payments of principal and interest at the rate or rates specified in each bid to the dated date of the 2023 bonds, results in an amount equal to the purchase price of the 2023 Bonds.

Continuing Disclosure Certificate

The SEC does not have the authority to regulate municipal bond issuers. It can, however, regulate bond underwriters. The official statement provides comprehensive disclosure to investors at the time bonds are initially sold. In the interest of requiring more up-to-date information to be provided to investors, the SEC also requires bond underwriters to ensure that issuers of municipal bonds that the underwriters purchase are obligated by a written undertaking to provide continuing disclosure of specific listed events when they occur and key credit information on an annual basis. To allow the underwriter to comply with this requirement, the City will execute a continuing disclosure certificate.

The continuing disclosure certificate requires the City to annually collect and disseminate to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") system the following information.

- (a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.

- (b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the Official Statement:
 - (i) Assessed value of taxable property within the jurisdiction of the City;

 - (ii) Summary of property tax rates for all taxing entities within the City expressed as a percentage of assessed valuation in the form of Table 5 of the Official Statement;

 - (iii) Top twenty property taxpayers for current fiscal year, taxable value and percentage of total assessed value in substantially the form of Table 6 of the Official Statement;

 - (iv) If and to the extent such information is available from the County, property tax collection delinquencies for the City; and

 - (v) Amount of all general obligation debt of the City outstanding, and total scheduled debt service on such general obligation debt.

In addition, the City must provide information about the occurrence of certain significant events (all of which are listed in the Continuing Disclosure Certificate) relating to the 2023 Bonds.

The City must also provide such further material information, if any, as may be necessary to make the specifically required statements made in the City's continuing disclosure reports, in the light of the circumstances under which they are made, not misleading.