

VOTER INFORMATION DOCUMENT¹
CITY OF DEER PARK, TEXAS – PROPOSITION C

Ballot Language – City of Deer Park, Texas Proposition C (“Proposition C”)		
<input type="checkbox"/>	FOR) THE ISSUANCE OF \$7,200,000 GENERAL OBLIGATION BONDS FOR THE PURPOSE OF PROVIDING FUNDS FOR THE DESIGN, CONSTRUCTION, ACQUISITION, AND EQUIPMENT OF STREETS AND SIDEWALKS,
<input type="checkbox"/>	AGAINST) INCLUDING RELATED STORM DRAINAGE AND PAVING IMPROVEMENTS, AND THE ACQUISITION OF EASEMENTS AND RIGHTS-OF-WAY IN CONNECTION THEREWITH, AND THE LEVYING OF A TAX SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS.

Information Regarding the Debt Obligations (Bonds) Proposed Under Proposition C		
Principal Amount of the Debt Obligations Proposed Under Proposition C	Estimated Interest on the Debt Obligations Proposed Under Proposition C ²	Estimated Combined Principal and Interest Required to Pay the Debt Obligations Proposed Under Proposition C on Time and in Full
\$7,200,000	\$3,503,038	\$10,703,038

Information Regarding the Outstanding Debt Obligations (Bonds) of the City as of February 2, 2021³		
Principal Amount of the Outstanding Debt Obligations of the City ⁴	Estimated Remaining Interest on the Outstanding Debt Obligations of the City ⁴	Estimated Combined Principal and Interest Required to Pay the Outstanding Debt Obligations of the City on Time and in Full ⁴
\$74,295,000	\$17,509,709	\$91,804,709

Information Regarding the Estimated Maximum Annual Increase in the Amount of Ad Valorem Taxes on a Residence Homestead with an Appraised Value of \$100,000 to Pay the Debt Obligations (Bonds) Proposed Under Proposition C
If the bonds authorized by Proposition C are approved, based on the assumptions set forth under “ <i>Assumptions Utilized in Calculating the Estimated Tax Impact</i> ” below, the City estimates that the maximum annual increase in the amount of ad valorem taxes on a residence homestead with an appraised value of \$100,000 to pay the bonds proposed under Proposition C would be approximately \$0.00.

Assumptions Utilized in Calculating the Estimated Tax Impact

If approved by the voters, the City intends to issue the bonds authorized by Proposition C over a period of years in a manner and in accordance with a schedule to be determined by the City Council based upon a number of factors, including, but not limited to, the then current needs of the City, demographic changes, prevailing market conditions, then current market interest rates, the use of capitalized interest, availability of other revenue sources to pay debt service, assessed valuations of property in the City, tax collection percentages, and management of the City’s short-term and long-term interest rate exposure. The estimated tax impact is derived, in part, from projections obtained from the City’s financial advisor. Actual results may vary from the assumptions used in calculating the

¹ This Voter Information Document is provided in accordance with Section 1251.052 of the Texas Government Code. It is provided solely in satisfaction of the statutory requirements. The information contained in this Voter Information Document is based on certain assumptions, and actual results may vary from such assumptions. The Voter Information Document is not intended to, and does not, create a contract with the voters.

² The City has assumed the bonds will bear interest at an estimated rate of 3.75% for bonds issued in 2021 and 4.25% for bonds issued in 2022 based on current market conditions and the amortization schedule described in the Assumptions Utilized in Calculating the Estimated Tax Impact. The interest payable on the bonds may differ based on market rates at the time the bonds are issued.

³ The information contained in this table reflects the City’s outstanding debt obligations as of February 2, 2021, the date the City Council approved an ordinance calling the election.

⁴ The City treats approximately \$44,619,065 of its outstanding debt as self-supporting from sources other than ad valorem taxes. Such sources include water and sewer revenues and payments from the City of Deer Park Community Development Corporation. After taking into account such self-supporting debt, the total principal amount of outstanding debt obligations payable from ad valorem taxes is \$29,675,935. The estimated interest on the outstanding debt obligations payable from ad valorem taxes is \$6,029,286. The estimated combined principal and interest on the outstanding debt obligations payable from ad valorem taxes is \$35,705,221.

estimated tax impact. For the purposes of estimating the maximum annual increase in taxes identified in this table, the City utilized the following major assumptions:

(1) The City has assumed the issuance of two series of bonds over a three-year period, with approximately \$4,000,000 issued in 2021, and \$3,200,000 issued in 2022. For the purposes of these projections, it has been assumed that each series of bonds issued under Proposition C would be amortized over 20 years as shown in the following schedule. The following is an estimated pro forma amortization schedule based on these assumptions. It shows the City's currently outstanding bonds and bonds authorized under Proposition C:

Fiscal Year Ending (9/30)	Current Debt Service Requirements (a)	Proposition C - Estimated Debt Service Requirements				Less: Self-Supported Debt Service Requirements (d)	Total Estimated Debt Service Requirements
		Plus: Series 2021 Bonds*		Plus: Series 2022 Bonds*			
		Principal*	Interest (b)	Principal*	Interest (c)		
2021	\$8,696,070					\$4,345,480	\$4,350,590
2022	8,480,267	\$81,301	\$148,476			4,409,919	4,300,124
2023	8,473,978	84,553	145,366	\$41,885	\$135,110	4,407,298	4,473,594
2024	8,487,067	94,309	142,012	43,979	133,285	4,859,642	4,041,010
2025	7,358,346	98,374	138,399	46,073	131,372	3,922,893	3,849,672
2026	6,512,704	172,358	133,323	48,168	129,369	3,922,382	3,073,539
2027	5,760,554	179,675	126,723	50,262	127,277	3,172,081	3,072,409
2028	4,790,899	182,114	119,939	122,513	123,606	3,173,980	2,165,090
2029	4,783,968	189,431	112,973	128,796	118,266	3,172,119	2,161,313
2030	4,786,509	195,935	105,747	134,031	112,681	3,168,982	2,165,921
2031	4,297,203	201,626	98,293	166,492	106,295	3,171,002	1,698,906
2032	4,301,760	208,943	90,595	173,822	99,063	3,172,545	1,701,637
2033	3,771,419	226,829	82,424	181,152	91,520	2,776,739	1,576,604
2034	3,093,530	238,211	73,704	189,529	83,643	2,266,598	1,412,020
2035	2,564,373	241,463	64,710	196,859	75,432	1,923,279	1,219,557
2036	2,011,660	243,902	55,610	206,283	66,865	1,508,745	1,075,575
2037	1,493,090	250,407	46,341	214,660	57,920	1,119,818	942,600
2038	1,165,565	256,911	36,829	224,084	48,597	874,174	857,812
2039	635,725	272,358	26,905	233,508	38,873	476,794	730,575
2040	340,025	278,049	16,585	243,979	28,726	255,019	652,346
2041	-	303,252	5,686	254,450	18,135	-	581,523
2042	-	-	-	299,476	6,364	-	305,840
Total	\$91,804,709	\$4,000,000	\$1,770,640	\$3,200,000	\$1,732,398	\$56,099,488	\$46,408,259

* Preliminary, subject to change.

(a) Includes debt service paid by the Waterworks and Sewer System or the City of Deer Park Community Development Corporation.

(b) Interest estimated at 3.75%, for illustrative purposes only.

(c) Interest estimated at 4.25%, for illustrative purposes only.

(d) Represents self-supporting debt payable from water and sewer system revenues and payments from the City of Deer Park Community Development Corporation.

(2) The City has assumed the bonds would bear interest at an estimated rate of 3.75% for bonds issued in 2021 and 4.25% for bonds issued in 2022.

(3) The City has assumed that the taxable assessed value within the City will grow at an average rate of 2.38% for the next eight years and then be held constant for the remaining life of the bonds. The City has assumed a tax collection percentage of 99%.

(4) In calculating the tax impact on a residence homestead, the City applied the 20% local optional homestead exemption to the assessed valuation, resulting in a taxable assessed valuation of \$80,000 on a residence homestead with an appraised value of \$100,000.

The City did not apply any other exemptions in connection with this calculation. A homeowner may qualify for exemptions not considered in calculating the tax impact, such as exemptions for the elderly and disabled.

(5) Based on the amortization schedule for the City's currently outstanding debt obligations and forecasted amounts of property tax revenue to be collected each year, the City estimates that the bonds to be authorized under Proposition C may be paid without an increase to the City's current tax rate.

(6) The estimated tax impact presented in this voter information document addresses the impact of the bonds proposed under Proposition C. For information regarding the estimated tax impact of the bonds proposed under other propositions, please refer to the voter information documents for such propositions.