

**VOTER INFORMATION DOCUMENT<sup>1</sup>**  
**CITY OF DEER PARK, TEXAS – PROPOSITION B**

| <b>Ballot Language – City of Deer Park, Texas Proposition B (“Proposition B”)</b> |         |   |
|---|---------|---|
| <input type="checkbox"/>  | FOR     | ) THE ISSUANCE OF \$16,900,000 GENERAL OBLIGATION BONDS FOR THE DESIGN, CONSTRUCTION, ACQUISITION, AND EQUIPMENT OF FIRE DEPARTMENT FACILITIES, INCLUDING A NEW FIRE STATION #1, FIRE STATION #2, AND TRAINING ROOM, AND THE LEVYING OF A TAX SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS. |
| <input type="checkbox"/>  | AGAINST |   |

| <b>Information Regarding the Debt Obligations (Bonds) Proposed Under Proposition B</b> |  |   |
|--|--|---|
| Principal Amount of the Debt Obligations Proposed Under Proposition B                  | Estimated Interest on the Debt Obligations Proposed Under Proposition B <sup>2</sup> | Estimated Combined Principal and Interest Required to Pay the Debt Obligations Proposed Under Proposition B on Time and in Full |
| \$16,900,000   | \$8,903,081  | \$25,803,081  |

| <b>Information Regarding the Outstanding Debt Obligations (Bonds) of the City as of February 2, 2021<sup>3</sup></b> |   |   |
|--|---|---|
| Principal Amount of the Outstanding Debt Obligations of the City <sup>4</sup>  | Estimated Remaining Interest on the Outstanding Debt Obligations of the City <sup>4</sup> | Estimated Combined Principal and Interest Required to Pay the Outstanding Debt Obligations of the City on Time and in Full <sup>4</sup> |
| \$74,295,000   | \$17,509,709  | \$91,804,709  |

| <b>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 B</b>   |
|---|
| If the bonds authorized by Proposition B 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 B 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 B 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 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:

<sup>1</sup> 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.

<sup>2</sup> The City has assumed the bonds will bear interest at an estimated rate of 3.75% for bonds issued in 2021 and 4.50% for bonds issued in 2023 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

(1) The City has assumed the issuance of two series of bonds over a three-year period, with approximately \$10,800,000 issued in 2021, and \$6,100,000 issued in 2023. For the purposes of these projections, it has been assumed that each series of bonds issued under Proposition B 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 B:

| Fiscal<br>Year<br>Ending<br>(9/30) | Current Debt<br>Service<br>Requirements (a) | Proposition B - Estimated Debt Service Requirements |                    |                          |                    | Less:<br>Self-Supported<br>Debt Service<br>Requirements(d) | Total<br>Estimated<br>Debt Service<br>Requirements |
|------------------------------------|---|---|--------------------|--------------------------|--------------------|--|--|
|                                    |   | Plus: Series 2021 Bonds*                            |                    | Plus: Series 2023 Bonds* |                    |  |  |
|                                    |   | Principal*  | Interest (b)       | Principal*               | Interest (c)       |  |  |
| 2021                               | \$8,696,070                                 |   |                    |                          |                    | \$4,345,480  | \$4,350,590  |
| 2022                               | 8,480,267                                   | \$219,512   | \$400,884          |                          |                    | 4,409,919  | 4,690,744  |
| 2023                               | 8,473,978                                   | 228,293   | 392,488            |                          |                    | 4,407,298  | 4,687,461  |
| 2024                               | 8,487,067                                   | 254,634   | 383,433            | 39,854                   | 273,603            | 4,859,642  | 4,578,948  |
| 2025                               | 7,358,346                                   | 265,610   | 373,678            | 38,682                   | 271,836            | 3,922,893  | 4,385,260  |
| 2026                               | 6,512,704                                   | 465,366   | 359,973            | 45,715                   | 269,937            | 3,922,382  | 3,731,312  |
| 2027                               | 5,760,554                                   | 485,122   | 342,151            | 46,887                   | 267,854            | 3,172,081  | 3,730,486  |
| 2028                               | 4,790,899                                   | 491,707   | 323,835            | 50,404                   | 265,665            | 3,173,980  | 2,748,529  |
| 2029                               | 4,783,968                                   | 511,463   | 305,026            | 52,748                   | 263,344            | 3,172,119  | 2,744,429  |
| 2030                               | 4,786,509                                   | 529,024   | 285,517            | 55,092                   | 260,917            | 3,168,982  | 2,748,078  |
| 2031                               | 4,297,203                                   | 544,390   | 265,390            | 147,694                  | 256,355            | 3,171,002  | 2,340,030  |
| 2032                               | 4,301,760                                   | 564,146   | 244,605            | 154,727                  | 249,550            | 3,172,545  | 2,342,244  |
| 2033                               | 3,771,419                                   | 612,439   | 222,544            | 179,343                  | 242,034            | 2,776,739  | 2,251,039  |
| 2034                               | 3,093,530                                   | 643,171   | 199,002            | 223,885                  | 232,961            | 2,266,598  | 2,125,951  |
| 2035                               | 2,564,373                                   | 651,951   | 174,718            | 288,355                  | 221,436            | 1,923,279  | 1,977,553  |
| 2036                               | 2,011,660                                   | 658,537   | 150,146            | 343,447                  | 207,220            | 1,508,745  | 1,862,265  |
| 2037                               | 1,493,090                                   | 676,098   | 125,122            | 395,023                  | 190,604            | 1,119,818  | 1,760,120  |
| 2038                               | 1,165,565                                   | 693,659   | 99,439             | 437,221                  | 171,879            | 874,174  | 1,693,589  |
| 2039                               | 635,725                                     | 735,366   | 72,645             | 480,592                  | 151,228            | 476,794  | 1,598,762  |
| 2040                               | 340,025                                     | 750,732   | 44,780             | 527,479                  | 128,547            | 255,019  | 1,536,544  |
| 2041                               | -   | 818,780   | 15,352             | 550,922                  | 104,283            | -  | 1,489,338  |
| 2042                               | -   | -   | -                  | 994,005                  | 69,522             | -  | 1,063,526  |
| 2043                               | -   | -   | -                  | 1,047,925                | 23,578             | -  | 1,071,503  |
| <b>Total</b>                       | <b>\$91,804,709</b>                         | <b>\$10,800,000</b>                                 | <b>\$4,780,729</b> | <b>\$6,100,000</b>       | <b>\$4,122,353</b> | <b>\$56,099,488</b>  | <b>\$61,508,302</b>                                |

\* Preliminary, subject to change.

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

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

(c) Interest estimated at 4.50%, 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 4.50% for bonds issued in 2023.

(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 B 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 B. For information regarding the estimated tax impact of the bonds proposed under other propositions, please refer to the voter information documents for such propositions.