

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS
ON**

\$9,245,000*
CITY OF BUDA, TEXAS
(A political subdivision of the State of Texas located in Hays County)
GENERAL OBLIGATION BONDS, SERIES 2024

Bids Due Tuesday, September 17, 2024 at 10:00 AM, CDT

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Buda, Texas (the “City”), is offering for sale its \$9,245,000* General Obligation Bonds, Series 2024 (the “Bonds”). Bids may be submitted by either of three alternative procedures: (i) written bids; (ii) electronic bids; or (iii) telephone or facsimile bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the City nor its Financial Advisor, Specialized Public Finance Inc., assume any responsibility or liability for a prospective bidding procedure.

The City and Specialized Public Finance Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of electronic, telephone or facsimile bids.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Official Notice of Sale, for all alternative bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System (“PARITY”).

WRITTEN BIDS DELIVERED IN PERSON . . . Signed bids, plainly marked “Bid for Bonds,” should be addressed to “Mayor and City Council, City of Buda, Texas,” and delivered to the City’s Financial Advisor, Specialized Public Finance Inc. at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 by 10:00 AM, CDT on September 17, 2024 (the “date of the bid opening”). All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Bidders must submit, by 10:00 AM on the date of the bid opening, SIGNED Official Bid Forms to Jennifer Ritter, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746. Subscription to the i-Deal LLC’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in the Notice of Sale, and shall be binding upon the bidder as if made by a signed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of the Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018, (212) 404-8102.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under “BASIS FOR AWARD” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

BIDS BY TELEPHONE OR FACSIMILE . . . Bidders must submit SIGNED Official Bid Forms to Jennifer Ritter, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, and submit their bid by telephone or facsimile (fax) on the date of the bid opening.

Telephone bids will be accepted at (512) 275-7300, between 9:30 AM and 10:00 AM, CDT on the date of the bid opening.

Fax bids must be received between 9:30 AM and 10:00 AM, CDT, on the date of the bid opening at (512) 275-7305, attention Jennifer Ritter.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the above deadlines.

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

Specialized Public Finance Inc. assumes no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone or fax options are exercised.

PLACE AND TIME OF BID OPENING . . . The bids for the Bonds will be publicly opened and read in the office of the Financial Advisor at 10:00 AM, CDT, Tuesday, September 17, 2024.

AWARD OF THE BONDS . . . The City Council will take action to award the Bonds (or reject all bids) at a meeting scheduled to convene at 6:00 PM, CDT, on the date of the bid opening. Upon awarding the Bonds, the City will also adopt the ordinance authorizing the Bonds (the “Bond Ordinance” or the “Ordinance”) and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. Sale of the Bonds will be made subject to the terms, conditions and provisions of the Ordinance to which ordinance reference is hereby made for all purposes. The City reserves the right to reject any and all bids and to waive any and all irregularities, except time of bid submission.

WITHDRAWAL OF THE BIDS . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for twelve hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

EXTENSION OF SALE DATE . . . The City reserves the right to extend the date and/or time for the receipt of bids by giving notice by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CDT on Monday, September 16, 2024 of the new date and time of receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

THE BONDS

DESCRIPTION . . . The Bonds will be dated October 9, 2024 (the “Dated Date”). Interest will accrue from the date of initial delivery of the Bonds and will be due on February 15, 2025, and each August 15 and February 15 thereafter until the earlier of maturity or prior redemption. The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Bonds will mature on August 15 in each year as follows:

MATURITY SCHEDULE*

Maturity	Principal Amount	Maturity	Principal Amount
2026	\$ 35,000	2036	\$ 510,000
2027	330,000	2037	535,000
2028	345,000	2038	565,000
2029	365,000	2039	590,000
2030	380,000	2040	620,000
2031	400,000	2041	650,000
2032	420,000	2042	675,000
2033	440,000	2043	705,000
2034	465,000	2044	730,000
2035	485,000		

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2034, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

SERIAL BONDS AND/OR TERM BONDS . . . Bidders may provide that all of the Bonds be issued as serial Bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term Bonds.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the book-entry-only system of The Depository Trust Company (“DTC”). See “THE OBLIGATIONS – BOOK-ENTRY-ONLY SYSTEM” in the Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, National Association, Houston, Texas (see “THE OBLIGATIONS – PAYING AGENT/REGISTRAR” in the Official Statement).

SOURCE OF PAYMENT . . . The Bonds constitute direct obligations of the City, payable from the levy and collection of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City.

Further details regarding the Bonds are set forth in the Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . **The Bonds will be sold in one block on an “All or None” basis, and at a price of not less than 102% of their par value and not more than 112% of their par value.** Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.5% in rate. The maximum coupon rate shall not exceed 5.0%. For Bonds having stated maturities on and after August 15, 2034, no reoffering yield producing a dollar price less than 97.5% for any individual maturities will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered. In the event of mathematical discrepancies between the interest rates and the interest cost determined therefrom, as both appear on the “Official Bid Form,” the bid will be determined solely from the interest rates shown on the “Official Bid Form.”

POST BID MODIFICATION OF PRINCIPAL AMOUNTS . . . After selecting the winning bid, the aggregate principal amount of the Bonds and the principal amortization schedule may be adjusted as determined by the City and its Financial Advisor in \$5,000 increments to reflect the actual interest rates. Such adjustments will not change the aggregate principal amount of the Bonds by more than 15% from the amount set forth herein. The dollar amount bid for the Bonds by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Bonds finally determined to be issued. The City will use its best efforts to communicate to the winning bidder any such adjustment within three (3) hours after the opening of bids. The Bond Purchaser’s compensation will be based upon the final par amount after any adjustment thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

In the event of any adjustment of the maturity schedule for the Bonds as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. The bid price for such an adjustment will reflect changes in the dollar amount of par amount of the Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. Any such adjustment of the aggregate principal amount of the Bonds and/or the maturity schedule for the Bonds made by the City or its Financial Advisor shall be subsequent to the award of the Bonds to the winning bidder as determined pursuant to “CONDITIONS OF THE SALE – BASIS FOR AWARD” herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

BASIS FOR AWARD . . . Subject to the City’s right to reject any or all bids and to waive any irregularities except time of bid submission, the sale of the Bonds will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the “Bond Purchaser” or “Purchaser”) making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the date of initial delivery of all debt service payments on the Bonds on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Bonds plus any premium bid. In the event of a bidder’s error in interest cost rate calculations, the interest rates and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the City with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Purchaser will be required to provide the City with a breakdown of its “underwriting spread,” which, at minimum, includes the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

ESTABLISHING THE ISSUE PRICE FOR THE BONDS . . . The City intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of municipal bonds), which require, among other things, that the City receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Requirement”).

In the event that the bidding process does not satisfy the Competitive Sale Requirement bids will **not** be subject to cancellation and the winning bidder (i) agrees to promptly report to the City the first prices at which at least 10% of each maturity of the Bonds (the “First Price Maturity”) have been sold to the Public on the Sale Date (the “10% Test”) and (ii) agrees to hold-the-offering-price of each maturity of the Bonds that does not satisfy the 10% Test (“Hold-the-Price Maturity”), as described below.

In order to provide the City with information that enables it to comply with the establishment of the issue price of the Bonds under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the City or to the City’s financial advisor, (the “City’s Financial Advisor”) a certification as to the Bonds’ “issue price” (the “Issue Price Certificate”) substantially in the form and to the effect accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the

Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the City. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale and Bidding Instructions:

(i) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party,

(ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

(iii) “Related Party” means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “Sale Date” means the date that the Bonds are awarded by the City to the winning bidder.

All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City’s Financial Advisor, and any notice or report to be provided to the City may be provided to the City’s Financial Advisor.

The City will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity. Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Purchaser have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the City when the Purchaser have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

PROVISION OF TEXAS ETHICS COMMISSION FORM 1295 (“TEC FORM 1295”) . . . In accordance with Texas Government Code Section 2252.908 (the “Interested Party Disclosure Act”), the City may not award the Bonds to a bidder unless the winning bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the “TEC Form 1295”) to the City as prescribed by the Texas Ethics Commission (“TEC”), or

(ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

In the event that the bidder's bid for the Bonds is the best bid received, the City, acting through its financial advisor, will promptly notify the winning bidder. That notification will serve as the City's conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a TEC Form 1295, such notification will obligate the winning bidder to promptly file a completed TEC Form 1295, as described below, in order to allow the City to complete the award. The City reserves the right to reject any bid that does not comply with the requirements prescribed herein.

For purposes of completing the TEC Form 1295, box 2 is name of the governmental entity (*City of Buda, Texas*) and box 3 is the identification number assigned to this contract by the City (*Buda 2024 Bonds*) and description of the goods or services (*Purchase of the City of Buda, Texas General Obligation Bonds, Series 2024*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require certain business entities contracting with the City to complete the TEC Form 1295 electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, complete the unsworn declaration, sign, and deliver, in physical form, the certified TEC Form 1295 that is generated by the TEC's "electronic portal" to the City. The completed and signed TEC Form 1295 must be sent by email, to the City's financial advisor at jennifer@spfmuni.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.**

To the extent that the bidder is not exempt from filing a TEC Form 1295 and therefor makes such filing with the City, the Interested Party Disclosure Act and the TEC 1295 provide that such declaration is made "under oath and under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the TEC Form 1295 to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the TEC Form 1295. Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Bonds until a completed TEC Form 1295 is received. The City reserves the right to reject any bid that does not satisfy the requirement of a completed TEC Form 1295, as described herein. Neither the City nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

GOOD FAITH DEPOSIT . . . A bank cashier's check, payable to the order of "City of Buda," in the amount of \$184,900 which is 2% of the proposed par value of the Bonds (the "Good Faith Deposit"), is required to accompany any bid. The Good Faith Deposit of the Purchaser will be retained uncashed by the City pending the Purchaser's compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to take up and pay for the Bonds in accordance with its bid then said check shall be cashed and accepted by the City and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the City that the Purchaser was found not to satisfy the requirements described under "Verifications of Statutory Representations and Covenants" and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then said check shall be cashed and accepted by the City but shall not be the sole or exclusive remedy available to the City. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of Initial Delivery. No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Bonds has been made by the City.

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS . . . The City will not award the Bonds to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), are included in the bid. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Such representations and covenants shall also be applicable to each syndicate member listed on the Official Bid Form. Liability for breach of any such verification through the delivery date of the Bonds shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or Official Notice of Sale, notwithstanding anything in the Official Bid Form or Official Notice of Sale to the contrary.

- (i) **No Boycott of Israel (Texas Government Code Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel through the delivery date of the Bonds. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
- (ii) **Not a Sanctioned Company (Texas Government Code Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code**

Chapter 2274): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association through the delivery date of the Bonds. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

- (iv) **No Boycott of Energy Companies (Texas Government Code Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies through the delivery date of the Bonds. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT . . . Each prospective bidder and each syndicate member listed on the Official Bid Form must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the “All Bond Counsel Letter”). In submitting a bid, a bidder represents to the City that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Bonds unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The City will not accept a bid from a bidder (including each syndicate member listed on the Official Bid Form) that does not have such standing letter on file as of the deadline for bids for the Bonds. If requested by the City, the Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications (defined below), as of the Delivery Date or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

THE CITY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER WHO IS, OR WHOSE PARENT COMPANY, SUBSIDIARIES OR AFFILIATES ARE, ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR THE TEXAS ATTORNEY GENERAL OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES OR DISCRIMINATING AGAINST FIREARM ENTITIES.

BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE CITY AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.

To the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see “CONDITIONS OF THE SALE – Good Faith Deposit”). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH CHAPTERS 2252, 2271, 2274, AND 2276, TEXAS GOVERNMENT CODE, AS AMENDED (COLLECTIVELY, THE “COVERED VERIFICATIONS”) SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE CITY RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.**

IMPACT OF BIDDING SYNDICATE ON AWARD . . . For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Bonds, but neither the failure to print or type such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Purchaser at the time the Bonds are awarded or as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Bonds shall be paid by the City.

DELIVERY OF BONDS . . . Delivery will be accomplished by the issuance of one Initial Bond (also called the “Bond” or “Bonds”), either in typed or printed form, in the aggregate principal amount of \$9,245,000*, payable in stated installments to the Purchaser, signed by the Mayor and City Clerk, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Bond, it shall be immediately cancelled and one definitive Bond for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC’s book-entry-only system. Delivery will be at a principal office of the Paying Agent/Registrar. Payment for the Bonds must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six business days’ notice of the time fixed for delivery of the Bonds. It is anticipated that delivery of the Bonds can be made on or about October 9, 2024, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Bonds by 10:00 AM, CDT, on October 9, 2024, or thereafter on the date the Bond is tendered for delivery, up to and including October 23, 2024. If for any reason the City is unable to make delivery on or before October 23, 2024, the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances beyond the City’s reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Purchaser to take up and pay for the Bonds is subject to the Purchaser’s receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel for the City (“Bond Counsel”) and (b) the no-litigation certificate, all as further described in the Official Statement. In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Bonds from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City (no later than the close of business on the business day following the award of the bid) a certification as to their “issue price” substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Bonds for sale, such certificate may be modified in a manner approved by the City. In no event will the City fail to deliver the Bonds as a result of the Purchaser’s inability to sell a substantial amount of the Bonds at a particular price prior to delivery. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate not later than the close of business on the business day following the award of the bid, if its bid is accepted by the City. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

LEGAL OPINION . . . The Bonds are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Bonds is subject to the receipt by the Purchaser of opinions of Bond Counsel, to the effect that the Bonds are valid and binding obligations of the City (except as the enforceability may be limited by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors’ rights generally or by principles of equity which permit the exercise of judicial discretion) and that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS” in the Official Statement.

NO MATERIAL ADVERSE CHANGE . . . The obligations of the City to deliver the Bonds and of the Purchaser to accept delivery of and pay for the Bonds are subject to the condition that at the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition of the City from those set forth in or contemplated by the “Preliminary Official Statement” as it may have been supplemented or amended through the date of sale.

NO-LITIGATION CERTIFICATE . . . On the date of delivery of the Bonds to the Purchaser, the City will deliver to the Purchaser a certificate, as of the same date, to the effect that to the best of the City’s knowledge no litigation of any nature is pending or, to the best of the certifying officials’ knowledge or belief, threatened against the City, contesting or affecting the Bonds; restraining or enjoining the authorization, execution, or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officials of the City.

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

GENERAL

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Specialized Public Finance Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Purchaser represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Bonds in accordance with the securities law of the states in which the Bonds are offered or sold. The City agrees to cooperate with the Purchaser, at the Purchaser's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Bonds, but is merely notice of the sale of the Bonds. The offer to sell the Bonds is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Bonds.

ISSUANCE OF ADDITIONAL DEBT . . . The City does not anticipate the issuance of additional tax supported debt within the next twelve months.

RATING . . . The Bonds and the outstanding tax supported debt of the City have been rated "AA" by S&P Global Ratings ("S&P") without regard to credit enhancement.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15C2-12 . . . The City has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The City will furnish to the Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, within seven (7) business days from the sale date copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Purchaser. The Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT . . . The City will agree in the Ordinance to provide certain periodic information and notices of certain specified events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

The City has approved the form and content of the Notice of Sale and Bidding Instructions, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Bonds. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Bonds, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Bonds by the Purchaser.

/s/ LEE URBANOVSKY

Mayor
City of Buda, Texas

ATTEST:

/s/ ALICIA RAMIREZ

City Clerk
City of Buda, Texas

September 6, 2024

OFFICIAL BID FORM

Honorable Mayor and City Council
 City of Buda, Texas
 405 East Loop Street, Building 100
 Buda Texas 78610

September 17, 2024

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated September 6, 2024, of \$9,245,000* CITY OF BUDA, TEXAS GENERAL OBLIGATION BONDS, SERIES 2024, both of which constitute a part hereof.

For your legally issued Bonds, in the aggregate principal amount of \$9,245,000*, we will pay you a price of \$ _____, representing approximately _____% of the par value. Such Bonds mature August 15, in each of the years and in the amounts and interest rates shown below:

Maturity (August 15)	Principal Amount*	Interest Rate	Maturity (August 15)	Principal Amount*	Interest Rate
2026	\$ 35,000	%	2036	\$ 510,000	%
2027	330,000	%	2037	535,000	%
2028	345,000	%	2038	565,000	%
2029	365,000	%	2039	590,000	%
2030	380,000	%	2040	620,000	%
2031	400,000	%	2041	650,000	%
2032	420,000	%	2042	675,000	%
2033	440,000	%	2043	705,000	%
2034	465,000	%	2044	730,000	%
2035	485,000	%			

Of the principal maturities set forth in the table above, term Bonds have been created as indicated in the following table (which may include multiple term Bonds, one term Bond or no term Bond if none is indicated). For those years which have been combined into term Bonds, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term Bond maturity date shall mature in such year. The term Bonds created are as follows:

Term Bonds Maturing August 15	Year of First Mandatory Redemption	Principal Amount	Interest Rate
_____	_____	\$ _____	%
_____	_____	\$ _____	%
_____	_____	\$ _____	%
_____	_____	\$ _____	%
_____	_____	\$ _____	%

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TRUE INTEREST COST _____%

The Initial Bond shall be registered in the name of _____, which will, upon payment for the Bonds, be cancelled by the Paying Agent/Registrar. The Bonds will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the book-entry-only system.

*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Preliminary, subject to change.

A wire transfer or a cashiers or certified check to the City in the amount of \$184,900 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the City as complete liquidated damages against us, except as provided herein with respect to the Covered Verifications (defined herein). Please check the box below to designate your Good Faith Deposit option.

We agree to accept delivery of the Bonds utilizing the book-entry-only system through DTC and make payment for the Initial Bond in immediately available funds in the Corporate Trust Division, The Bank of New York Mellon Trust Company, Houston, Texas, not later than 10:00 AM, CDT, on October 9, 2024, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Bonds to complete the DTC Eligibility Questionnaire.

Upon notification of conditional verbal acceptance, the undersigned will either (1) complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Form 1295") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Form 1295 that is generated by the TEC's electronic portal will be printed, signed, notarized and sent by email to the City's Bond Counsel at rdonoghue@mphlegal.com or (2) provide written confirmation of its exemption from such requirement to complete a Form 1295. The undersigned understands that, unless exempt, the failure to provide the certified Form 1295 will prohibit the City from awarding the enclosed bid.

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Official Bid Form. As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification through the delivery date of the Bonds shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Notice of Sale, notwithstanding anything in this Official Bid Form or the Notice of Sale to the contrary.

- (i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel through the delivery date of the Bonds. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
- (ii) Not a Sanctioned Company (Texas Government Code Chapter 2252). The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) No Boycott of Energy Companies (Texas Government Code Chapter 2276). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies through the delivery date of the Bonds. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.
- (iv) No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association through the delivery date of the Bonds. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

By submitting this bid, the Purchaser understands and agrees that if the Purchaser should fail or refuse to take up and pay for the Bonds in accordance with this bid, or it is determined that after the acceptance of this bid by the City that the Purchaser or any syndicate member listed on this Official Bid Form was found not to satisfy the requirements described in the Official Notice of Sale under the heading "CONDITIONS OF THE SALE" and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then the check submitted herewith as the Purchaser's Good Faith Deposit shall be cashed and accepted by the City. IF THE CITY CASHES THE PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications") shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser

acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

By submitting this bid, the Purchaser understands and agrees that it must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the "All Bond Counsel Letter"). In submitting this bid, the Purchaser represents to the City that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. The Purchaser hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Bonds unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the delivery date of the Bonds or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

The Purchaser acknowledges that the City, in its sole discretion, has reserved the right to reject the bid of any bidder who is, or whose parent company, subsidiaries or affiliates are, on a list maintained by the Texas Comptroller or the Texas Attorney General of financial companies boycotting energy companies or discriminating against firearm entities.

The Purchaser understands and agrees that to the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE – Good Faith Deposit" in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THIS OFFICIAL BID FORM OF THE PURCHASER TO PURCHASE THE BONDS UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

The undersigned agrees to complete, execute, and deliver to the City, at least five business days prior to delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City and Bond Counsel.

The undersigned certifies that the Purchaser [is]/[is not] exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Name of Purchaser or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by City of Buda, Texas, this the 17th day of September, 2024

ATTEST:

City Clerk
City of Buda, Texas

Mayor
City of Buda, Texas

(THIS PAGE INTENTIONALLY LEFT BLANK)

CERTIFICATE OF PURCHASER

(sales where 3 bids are received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Purchaser”), with respect to the purchase at competitive sale of the General Obligation Bonds, Series 2024 issued by the City of Buda, Texas (“Issuer”) in the principal amount of \$9,245,000* (“Bonds”), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser’s reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the “Expected Offering Prices”) to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Bond as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.

(b) The Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

(d) The Purchaser [has] [has not] purchased bond insurance for the Bonds. The bond insurance has been purchased from _____ (the “Insurer”) for a fee of \$ _____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer’s commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm’s-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term “Underwriter” means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2024.

[NAME OF PURCHASER], as Purchaser

By: _____

Name: _____

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

CERTIFICATE OF PURCHASER

(sales where 3 bids are not received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Purchaser”), with respect to the purchase at competitive sale of the General Obligation Bonds, Series 2024 issued by the City of Buda, Texas (“Issuer”) in the principal amount of \$9,245,000* (“Bonds”), hereby certifies and represents, based on its records and information, as follows:

(a) [Other than the Bonds maturing in _____ (“Hold-the-Price Maturities”), the][The] first prices at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Bonds having the same credit and payment terms (“Maturity”) was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are their respective initial offering prices, as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Bond as Schedule A.

(Add (b) and (c) only if winning bidder designates one or more maturities as Hold-the-Price Maturities)

(b) On or before the first day on which there is a binding contract in writing for the sale of the Bonds (“Sale Date”), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices, as set forth in Schedule A hereto (“Initial Offering Price”).

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for each such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells at least ten percent of a Hold-the-Price-Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Purchaser [has] [has not] purchased bond insurance for the Bonds. The bond insurance has been purchased from _____ (the “Insurer”) for a fee of \$ _____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer’s commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm’s-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term “Underwriter” means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2024.

[NAME OF PURCHASER], as Purchaser

By: _____

Name: _____

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS
ON**

\$12,400,000*

CITY OF BUDA, TEXAS

(A political subdivision of the State of Texas located in Hays County)

COMBINATION TAX AND LIMITED REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

Bids Due Tuesday, September 17, 2024 at 10:30 AM, CDT

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Buda, Texas (the “City”), is offering for sale its \$12,400,000* Combination Tax and Limited Revenue Certificates of Obligation, Series 2024 (the “Certificates”). Bids may be submitted by either of three alternative procedures: (i) written bids; (ii) electronic bids; or (iii) telephone or facsimile bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the City nor its Financial Advisor, Specialized Public Finance Inc., assumes any responsibility or liability for a prospective bidding procedure.

The City and Specialized Public Finance Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of electronic, telephone or facsimile bids.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Official Notice of Sale, for all alternative bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System (“PARITY”).

WRITTEN BIDS DELIVERED IN PERSON . . . Signed bids, plainly marked “Bid for Certificates,” should be addressed to “Mayor and City Council, City of Buda, Texas,” and delivered to the City’s Financial Advisor, Specialized Public Finance Inc. at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 by 10:30 AM, CDT on September 17, 2024 (the “date of the bid opening”). All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Bidders must submit, by 10:30 AM on the date of the bid opening, SIGNED Official Bid Forms to Jennifer Ritter, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746. Subscription to the i-Deal LLC’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in the Notice of Sale, and shall be binding upon the bidder as if made by a signed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of the Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018, (212) 404-8102.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under “BASIS FOR AWARD” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

BIDS BY TELEPHONE OR FACSIMILE . . . Bidders must submit SIGNED Official Bid Forms to Jennifer Ritter, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, and submit their bid by telephone or facsimile (fax) on the date of the bid opening.

Telephone bids will be accepted at (512) 275-7300, between 10:00 AM and 10:30 AM, CDT on the date of the bid opening.

Fax bids must be received between 10:00 AM and 10:30 AM, CDT, on the date of the bid opening at (512) 275-7305, attention Jennifer Ritter.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the above deadlines.

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

Specialized Public Finance Inc. assumes no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone or fax options are exercised.

PLACE AND TIME OF BID OPENING . . . The bids for the Certificates will be publicly opened and read in the office of the Financial Advisor at 10:30 AM, CDT, Tuesday, September 17, 2024.

AWARD OF THE CERTIFICATES . . . The City Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 6:00 PM, CDT, on the date of the bid opening. Upon awarding the Certificates, the City will also adopt the ordinance authorizing the Certificates (the “Certificate Ordinance” or the “Ordinance”) and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. Sale of the Certificates will be made subject to the terms, conditions and provisions of the Ordinance to which ordinance reference is hereby made for all purposes. The City reserves the right to reject any and all bids and to waive any and all irregularities, except time of bid submission.

WITHDRAWAL OF THE BIDS . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for twelve hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

EXTENSION OF SALE DATE . . . The City reserves the right to extend the date and/or time for the receipt of bids by giving notice by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CDT on Monday, September 16, 2024 of the new date and time of receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

THE CERTIFICATES

DESCRIPTION . . . The Certificates will be dated October 9, 2024 (the “Dated Date”). Interest will accrue from the date of initial delivery of the Certificates and will be due on February 15, 2025, and each August 15 and February 15 thereafter until the earlier of maturity or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on August 15 in each year as follows:

MATURITY SCHEDULE*

Maturity	Principal Amount	Maturity	Principal Amount
2025	\$ 180,000	2035	\$ 630,000
2026	265,000	2036	660,000
2027	425,000	2037	695,000
2028	450,000	2038	730,000
2029	470,000	2039	770,000
2030	495,000	2040	805,000
2031	520,000	2041	845,000
2032	545,000	2042	880,000
2033	570,000	2043	915,000
2034	600,000	2044	950,000

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2034, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES . . . Bidders may provide that all of the Certificates be issued as serial Certificates or may provide that any two or more consecutive annual principal amounts be combined into one or more term Certificates.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the book-entry-only system of The Depository Trust Company (“DTC”). See “THE OBLIGATIONS – BOOK-ENTRY-ONLY SYSTEM” in the Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, National Association, Houston, Texas (see “THE OBLIGATIONS – PAYING AGENT/REGISTRAR” in the Official Statement).

SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of surplus net revenues of the City’s combined waterworks and sewer system, not to exceed \$1,000 as provided in the Certificate Ordinance.

Further details regarding the Certificates are set forth in the Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . **The Certificates will be sold in one block on an “All or None” basis, and at a price of not less than 102% of their par value and not more than 112% of their par value.** Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.5% in rate. The maximum coupon rate shall not exceed 5.0%. For Certificates having stated maturities on and after August 15, 2034, no reoffering yield producing a dollar price less than 97.5% for any individual maturities will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered. In the event of mathematical discrepancies between the interest rates and the interest cost determined therefrom, as both appear on the “Official Bid Form,” the bid will be determined solely from the interest rates shown on the “Official Bid Form.”

POST BID MODIFICATION OF PRINCIPAL AMOUNTS . . . After selecting the winning bid, the aggregate principal amount of the Certificates and the principal amortization schedule may be adjusted as determined by the City and its Financial Advisor in \$5,000 increments to reflect the actual interest rates. Such adjustments will not change the aggregate principal amount of the Certificates by more than 15% from the amount set forth herein. The dollar amount bid for the Certificates by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Certificates finally determined to be issued. The City will use its best efforts to communicate to the winning bidder any such adjustment within three (3) hours after the opening of bids. The Certificate Purchaser’s compensation will be based upon the final par amount after any adjustment thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

In the event of any adjustment of the maturity schedule for the Certificates as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. The bid price for such an adjustment will reflect changes in the dollar amount of par amount of the Certificates from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. Any such adjustment of the aggregate principal amount of the Certificates and/or the maturity schedule for the Certificates made by the City or its Financial Advisor shall be subsequent to the award of the Certificates to the winning bidder as determined pursuant to “CONDITIONS OF THE SALE – BASIS FOR AWARD” herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

BASIS FOR AWARD . . . Subject to the City’s right to reject any or all bids and to waive any irregularities except time of bid submission, the sale of the Certificates will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the “Certificate Purchaser” or “Purchaser”) making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the date of initial delivery of all debt service payments on the Certificates on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid. In the event of a bidder’s error in interest cost rate calculations, the interest rates and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the City with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Purchaser will be required to provide the City with a breakdown of its “underwriting spread,” which, at minimum, includes the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

ESTABLISHING THE ISSUE PRICE FOR THE CERTIFICATES . . . The City intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of municipal bonds), which require, among other things, that the City receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Requirement”).

In the event that the bidding process does not satisfy the Competitive Sale Requirement bids will **not** be subject to cancellation and the winning bidder (i) agrees to promptly report to the City the first prices at which at least 10% of each maturity of the Certificates (the “First Price Maturity”) have been sold to the Public on the Sale Date (the “10% Test”) and (ii) agrees to hold-the-offering-price of each maturity of the Certificates that does not satisfy the 10% Test (“Hold-the-Price Maturity”), as described below.

In order to provide the City with information that enables it to comply with the establishment of the issue price of the Certificates under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the

City or to the City's financial advisor, (the "City's Financial Advisor") a certification as to the Certificates' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Certificates for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the City. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale and Bidding Instructions:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party,

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public),

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "Sale Date" means the date that the Certificates are awarded by the City to the winning bidder.

All actions to be taken by the City under this Notice of Sale to establish the issue price of the Certificates may be taken on behalf of the City by the City's Financial Advisor, and any notice or report to be provided to the City may be provided to the City's Financial Advisor.

The City will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Certificates, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Certificates of that maturity, (B) to promptly notify the winning bidder of any sales of Certificates that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Certificates of that maturity. Sales of any Certificates to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Certificates, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Purchaser have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the City when the Purchaser have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

PROVISION OF TEXAS ETHICS COMMISSION FORM 1295 ("TEC FORM 1295") . . . In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Certificates to a bidder unless the winning bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the "TEC Form 1295") to the City as prescribed by the

Texas Ethics Commission (“TEC”), or

(ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

In the event that the bidder’s bid for the Certificates is the best bid received, the City, acting through its financial advisor, will promptly notify the winning bidder. That notification will serve as the City’s conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a TEC Form 1295, such notification will obligate the winning bidder to promptly file a completed TEC Form 1295, as described below, in order to allow the City to complete the award. The City reserves the right to reject any bid that does not comply with the requirements prescribed herein.

For purposes of completing the TEC Form 1295, box 2 is name of the governmental entity (*City of Buda, Texas*) and box 3 is the identification number assigned to this contract by the City (*Buda 2024 Certificates*) and description of the goods or services (*Purchase of the City of Buda, Texas Combination Tax and Limited Revenue Certificates of Obligation, Series 2024*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the “Disclosure Rules”) require certain business entities contracting with the City to complete the TEC Form 1295 electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, complete the unsworn declaration, sign, and deliver, in physical form, the certified TEC Form 1295 that is generated by the TEC’s “electronic portal” to the City. The completed and signed TEC Form 1295 must be sent by email, to the City’s financial advisor at jennifer@spfmuni.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.**

To the extent that the bidder is not exempt from filing a TEC Form 1295 and therefor makes such filing with the City, the Interested Party Disclosure Act and the TEC 1295 provide that such declaration is made “under oath and under penalty of perjury.” Consequently, a bidder should take appropriate steps prior to completion of the TEC Form 1295 to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the TEC Form 1295. Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Certificates until a completed TEC Form 1295 is received. The City reserves the right to reject any bid that does not satisfy the requirement of a completed TEC Form 1295, as described herein. Neither the City nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC’s website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

GOOD FAITH DEPOSIT . . . A bank cashier’s check, payable to the order of “City of Buda,” in the amount of \$248,000 which is 2% of the proposed par value of the Certificates (the “Good Faith Deposit”), is required to accompany any bid. The Good Faith Deposit of the Purchaser will be retained uncashed by the City pending the Purchaser’s compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to take up and pay for the Certificates in accordance with its bid then said check shall be cashed and accepted by the City and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the City that the Purchaser was found not to satisfy the requirements described under “Verifications of Statutory Representations and Covenants” and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then said check shall be cashed and accepted by the City but shall not be the sole or exclusive remedy available to the City. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of Initial Delivery. No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Certificates has been made by the City.

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS . . . The City will not award the Certificates to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the “Government Code”), are included in the bid. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Such representations and covenants shall also be applicable to each syndicate member listed on the Official Bid Form. Liability for breach of any such verification through the delivery date of the Certificates shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or Official Notice of Sale, notwithstanding anything in the Official Bid Form or Official Notice of Sale to the contrary.

- (i) **No Boycott of Israel (Texas Government Code Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel through the delivery date of the Certificates. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.
- (ii) **Not a Sanctioned Company (Texas Government Code Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each

of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

- (iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association through the delivery date of the Certificates. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.
- (iv) **No Boycott of Energy Companies (Texas Government Code Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies through the delivery date of the Certificates. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT . . . Each prospective bidder and each syndicate member listed on the Official Bid Form must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the “All Bond Counsel Letter”). In submitting a bid, a bidder represents to the City that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The City will not accept a bid from a bidder (including each syndicate member listed on the Official Bid Form) that does not have such standing letter on file as of the deadline for bids for the Certificates. If requested by the City, the Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications (defined below), as of the Delivery Date or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

THE CITY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER WHO IS, OR WHOSE PARENT COMPANY, SUBSIDIARIES OR AFFILIATES ARE, ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR THE TEXAS ATTORNEY GENERAL OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES OR DISCRIMINATING AGAINST FIREARM ENTITIES.

BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE CITY AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.

To the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see “CONDITIONS OF THE SALE – Good Faith Deposit”). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH CHAPTERS 2252, 2271, 2274, AND 2276, TEXAS GOVERNMENT CODE, AS AMENDED (COLLECTIVELY, THE “COVERED VERIFICATIONS”) SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE CITY RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.**

IMPACT OF BIDDING SYNDICATE ON AWARD . . . For purposes of contracting for the sale of the Certificates, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Certificates. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Purchaser at the time the Certificates are awarded or as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Certificates shall be paid by the City.

DELIVERY OF CERTIFICATES . . . Delivery will be accomplished by the issuance of one Initial Certificate (also called the “Certificate” or “Certificates”), either in typed or printed form, in the aggregate principal amount of \$12,400,000*, payable in stated installments to the Purchaser, signed by the Mayor and City Clerk, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Certificate, it shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC’s book-entry-only system. Delivery will be at a principal office of the Paying Agent/Registrar. Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six business days’ notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about October 9, 2024, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CDT, on October 9, 2024, or thereafter on the date the Certificate is tendered for delivery, up to and including October 23, 2024. If for any reason the City is unable to make delivery on or before October 23, 2024, the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City’s reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Purchaser to take up and pay for the Certificates is subject to the Purchaser’s receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel for the City (“Bond Counsel”) and (b) the no-litigation certificate, all as further described in the Official Statement. In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Certificates from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City (no later than the close of business on the business day following the award of the bid) a certification as to their “issue price” substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Certificates for sale, such certificate may be modified in a manner approved by the City. In no event will the City fail to deliver the Certificates as a result of the Purchaser’s inability to sell a substantial amount of the Certificates at a particular price prior to delivery. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate not later than the close of business on the business day following the award of the bid, if its bid is accepted by the City. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

LEGAL OPINION . . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Purchaser of opinions of Bond Counsel, to the effect that the Certificates are valid and binding obligations of the City (except as the enforceability may be limited by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors’ rights generally or by principles of equity which permit the exercise of judicial discretion) and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS” in the Official Statement.

NO MATERIAL ADVERSE CHANGE . . . The obligations of the City to deliver the Certificates and of the Purchaser to accept delivery of and pay for the Certificates are subject to the condition that at the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition of the City from those set forth in or contemplated by the “Preliminary Official Statement” as it may have been supplemented or amended through the date of sale.

NO-LITIGATION CERTIFICATE . . . On the date of delivery of the Certificates to the Purchaser, the City will deliver to the Purchaser a certificate, as of the same date, to the effect that to the best of the City’s knowledge no litigation of any nature is pending or, to the best of the certifying officials’ knowledge or belief, threatened against the City, contesting or affecting the Certificates; restraining or enjoining the authorization, execution, or delivery of the Certificates; affecting the provision made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Certificates; or affecting the validity of the Certificates or the title of the present officials of the City.

GENERAL

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor’s fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

BLUE SKY LAWS . . . By submission of its bid, the Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Purchaser, at the Purchaser’s written request and expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

ISSUANCE OF ADDITIONAL DEBT . . . The City does not anticipate the issuance of additional tax supported debt within the next twelve months.

RATING . . . The Certificates and the outstanding tax supported debt of the City have been rated “AA” by S&P Global Ratings (“S&P”) without regard to credit enhancement.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15C2-12 . . . The City has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The City will furnish to the Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, within seven (7) business days from the sale date copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Certificates. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Purchaser. The Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT . . . The City will agree in the Ordinance to provide certain periodic information and notices of certain specified events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under “CONTINUING DISCLOSURE OF INFORMATION.” The Purchaser’s obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

The City has approved the form and content of the Notice of Sale and Bidding Instructions, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Certificates. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Certificates, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Purchaser.

/s/ LEE URBANOVSKY
Mayor
City of Buda, Texas

ATTEST:

/s/ ALICIA RAMIREZ
City Clerk
City of Buda, Texas

September 6, 2024

OFFICIAL BID FORM

Honorable Mayor and City Council
 City of Buda, Texas
 405 East Loop Street, Building 100
 Buda Texas 78610

September 17, 2024

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated September 6, 2024, of \$12,400,000* CITY OF BUDA, TEXAS COMBINATION TAX AND LIMITED REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024, both of which constitute a part hereof.

For your legally issued Certificates, in the aggregate principal amount of \$12,400,000*, we will pay you a price of \$ _____, representing approximately _____% of the par value. Such Certificates mature August 15, in each of the years and in the amounts and interest rates shown below:

Maturity (August 15)	Principal Amount*	Interest Rate	Maturity (August 15)	Principal Amount*	Interest Rate
2025	\$ 180,000	%	2035	\$ 630,000	%
2026	265,000	%	2036	660,000	%
2027	425,000	%	2037	695,000	%
2028	450,000	%	2038	730,000	%
2029	470,000	%	2039	770,000	%
2030	495,000	%	2040	805,000	%
2031	520,000	%	2041	845,000	%
2032	545,000	%	2042	880,000	%
2033	570,000	%	2043	915,000	%
2034	600,000	%	2044	950,000	%

Of the principal maturities set forth in the table above, term certificates have been created as indicated in the following table (which may include multiple term certificates, one term certificate or no term certificate if none is indicated). For those years which have been combined into term certificates, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term certificate maturity date shall mature in such year. The term certificates created are as follows:

Term Certificates Maturing August 15	Year of First Mandatory Redemption	Principal Amount	Interest Rate
_____	_____	\$ _____	%
_____	_____	\$ _____	%
_____	_____	\$ _____	%
_____	_____	\$ _____	%
_____	_____	\$ _____	%

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TRUE INTEREST COST _____ %

The Initial Certificate shall be registered in the name of _____, which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the book-entry-only system.

*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Preliminary, subject to change.

A wire transfer or a cashiers or certified check to the City in the amount of \$160,900 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Certificates in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the City as complete liquidated damages against us, except as provided herein with respect to the Covered Verifications (defined herein). Please check the box below to designate your Good Faith Deposit option.

We agree to accept delivery of the Certificates utilizing the book-entry-only system through DTC and make payment for the Initial Certificate in immediately available funds in the Corporate Trust Division, The Bank of New York Mellon Trust Company, Houston, Texas, not later than 10:00 AM, CDT, on October 9, 2024, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

Upon notification of conditional verbal acceptance, the undersigned will either (1) complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Form 1295") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Form 1295 that is generated by the TEC's electronic portal will be printed, signed, notarized and sent by email to the City's Bond Counsel at rdonoghue@mphlegal.com or (2) provide written confirmation of its exemption from such requirement to complete a Form 1295. The undersigned understands that, unless exempt, the failure to provide the certified Form 1295 will prohibit the City from awarding the enclosed bid.

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Official Bid Form. As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Official Bid Form shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Notice of Sale, notwithstanding anything in this Official Bid Form or the Notice of Sale to the contrary.

- (i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Official Bid Form. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
- (ii) Not a Sanctioned Company (Texas Government Code Chapter 2252). The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) No Boycott of Energy Companies (Texas Government Code Chapter 2276). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Official Bid Form. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.
- (iv) No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Official Bid Form. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

By submitting this bid, the Purchaser understands and agrees that if the Purchaser should fail or refuse to take up and pay for the Certificates in accordance with this bid, or it is determined that after the acceptance of this bid by the City that the Purchaser or any syndicate member listed on this Official Bid Form was found not to satisfy the requirements described in the Official Notice of Sale under the heading "CONDITIONS OF THE SALE" and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then the check submitted herewith as the Purchaser's Good Faith Deposit shall be cashed and accepted by the City. IF THE CITY CASHES THE PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications") shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

By submitting this bid, the Purchaser understands and agrees that it must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the “All Bond Counsel Letter”). In submitting this bid, the Purchaser represents to the City that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office. The Purchaser hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the delivery date of the Certificates or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

The Purchaser acknowledges that the City, in its sole discretion, has reserved the right to reject the bid of any bidder who is, or whose parent company, subsidiaries or affiliates are, on a list maintained by the Texas Comptroller or the Texas Attorney General of financial companies boycotting energy companies or discriminating against firearm entities.

The Purchaser understands and agrees that to the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see “CONDITIONS OF THE SALE – Good Faith Deposit” in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THIS OFFICIAL BID FORM OF THE PURCHASER TO PURCHASE THE CERTIFICATES UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

The undersigned agrees to complete, execute, and deliver to the City, at least five business days prior to delivery of the Certificates, a certificate relating to the “issue price” of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City and Bond Counsel.

The undersigned certifies that the Purchaser [is]/[is not] exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Name of Purchaser or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by City of Buda, Texas, this the 17th day of September, 2024.

ATTEST:

City Clerk
City of Buda, Texas

Mayor
City of Buda, Texas

(THIS PAGE INTENTIONALLY LEFT BLANK)

CERTIFICATE OF PURCHASER

(sales where 3 bids are received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Purchaser”), with respect to the purchase at competitive sale of the Combination Tax and Limited Revenue Certificates of Obligation, Series 2024 issued by the City of Buda, Texas (“Issuer”) in the principal amount of \$12,400,000* (“Certificates”), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Certificates by the Purchaser, the Purchaser’s reasonably expected initial offering prices of each maturity of the Certificates with the same credit and payment terms (the “Expected Offering Prices”) to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Certificates, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Certificates used by the Purchaser in formulating its bid to purchase the Certificates.

(b) The Purchaser had an equal opportunity to bid to purchase the Certificates and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Certificates.

(d) The Purchaser [has] [has not] purchased bond insurance for the Certificates. The bond insurance has been purchased from _____ (the “Insurer”) for a fee of \$_____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer’s commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm’s-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term “Underwriter” means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2024.

[NAME OF PURCHASER], as Purchaser

By: _____

Name: _____

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

CERTIFICATE OF PURCHASER

(sales where 3 bids are not received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Purchaser”), with respect to the purchase at competitive sale of the Combination Tax and Limited Revenue Certificates of Obligation, Series 2024 issued by the City of Buda, Texas (“Issuer”) in the principal amount of \$12,400,000* (“Certificates”), hereby certifies and represents, based on its records and information, as follows:

(a) [Other than the Certificates maturing in _____ (“Hold-the-Price Maturities”), the][The] first prices at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Certificates having the same credit and payment terms (“Maturity”) was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are their respective initial offering prices, as listed in the pricing wire or equivalent communication for the Certificates that is attached to this Certificate as Schedule A.

(Add (b) and (c) only if winning bidder designates one or more maturities as Hold-the-Price Maturities)

(b) On or before the first day on which there is a binding contract in writing for the sale of the Certificates (“Sale Date”), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices, as set forth in Schedule A hereto (“Initial Offering Price”).

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for each such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells at least ten percent of a Hold-the-Price-Maturity of the Certificates to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Purchaser [has] [has not] purchased bond insurance for the Certificates. The bond insurance has been purchased from _____ (the “Insurer”) for a fee of \$ _____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer’s commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm’s-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term “Underwriter” means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2024.

[NAME OF PURCHASER], as Purchaser

By: _____

Name: _____

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

Dated September 6, 2024

Rating:
S&P: “AA”
(See “OTHER INFORMATION –
RATING” herein)

NEW ISSUE – BOOK-ENTRY-ONLY

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Bonds, defined below, will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.



\$9,245,000*
CITY OF BUDA, TEXAS
(A political subdivision of the State of Texas located in Hays County)
GENERAL OBLIGATION BONDS, SERIES 2024

Dated Date: October 9, 2024

Due: August 15, as shown on page 2

Interest accrues from the Date of Initial Delivery (defined below)

PAYMENT TERMS . . . Interest on the \$9,245,000* City of Buda, Texas, General Obligation Bonds, Series 2024 (the “Bonds”) will accrue from the Date of Initial Delivery, defined below, and will be payable February 15 and August 15 of each year commencing February 15, 2025, until maturity or earlier redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “THE OBLIGATIONS – BOOK-ENTRY-ONLY SYSTEM” herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Houston, Texas (see “THE OBLIGATIONS – PAYING AGENT/REGISTRAR”).

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Chapter 1331, Texas Government Code, as amended, an election held within the City on November 2, 2021 and an ordinance (the “Bond Ordinance”) to be adopted by the City Council of the City of Buda, Texas (the “City”). The Bonds are direct obligations of the City payable from the levy and collection of a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City as provided in the Bond Ordinance (see “THE OBLIGATIONS – AUTHORITY FOR ISSUANCE” and “THE OBLIGATIONS – SECURITY AND SOURCE OF PAYMENT”).

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (1) the purposes set forth in the November 2021 bond propositions, including: (i) constructing, improving, extending, expanding, upgrading and/or developing transportation projects for streets, roads, bridges, and intersections and (ii) constructing, improving, extending, expanding, upgrading and/or developing City parks and recreation projects; and (2) paying professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Bonds. See “THE OBLIGATIONS – PURPOSE.”

CUSIP PREFIX: 118828
MATURITY SCHEDULE, INTEREST RATES, PRICES AND OTHER TERMS
SEE INSIDE COVER PAGE

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Bond Purchaser and subject to the approving opinion of the Attorney General of the State of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel (see “APPENDIX C – FORMS OF BOND COUNSEL’S OPINIONS”).

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on October 9, 2024 (the “Date of Initial Delivery”).

BIDS DUE ON TUESDAY, SEPTEMBER 17, 2024, BY 10:00 AM, CDT

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

MATURITY SCHEDULE*

8/15 Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP Numbers ⁽¹⁾
2026	\$ 35,000			
2027	330,000			
2028	345,000			
2029	365,000			
2030	380,000			
2031	400,000			
2032	420,000			
2033	440,000			
2034	465,000			
2035	485,000			
2036	510,000			
2037	535,000			
2038	565,000			
2039	590,000			
2040	620,000			
2041	650,000			
2042	675,000			
2043	705,000			
2044	730,000			

(Interest Accrues from the Date of Initial Delivery)

* See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright^(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. The CUSIP number for a specific maturity is subject to being changed after the initial issuance of obligations due to various subsequent actions including, but not limited to, a refunding in whole or in part, procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of obligations. None of the City, the Financial Advisor, the Bond Purchaser or their agents or counsel assume responsibility for the accuracy of such numbers.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2034, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS – OPTIONAL REDEMPTION”). Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Purchaser of the Bonds elects to designate one or more maturities as Term Bonds.

SEPARATE ISSUES . . . The Bonds and the \$12,400,000* “City of Buda, Texas, Combination Tax and Limited Revenue Certificates of Obligation, Series 2024” (the “Certificates”) are being offered by the City concurrently under a common Official Statement, and such Bonds and Certificates are hereinafter sometimes referred to collectively as the “Obligations.” The Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

Dated September 6, 2024

Rating:
S&P: “AA”
(See “OTHER INFORMATION –
RATING” herein)

NEW ISSUE – BOOK-ENTRY-ONLY

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Certificates, defined below, will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.



\$12,400,000*

CITY OF BUDA, TEXAS

(A political subdivision of the State of Texas located in Hays County)

COMBINATION TAX AND LIMITED REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

Dated Date: October 9, 2024

Due: August 15, as shown on page 2

Interest accrues from the Date of Initial Delivery (defined below)

PAYMENT TERMS . . . Interest on the \$12,400,000* City of Buda, Texas, Combination Tax and Limited Revenue Certificates of Obligation, Series 2024 (the “Certificates”) will accrue from the Date of Initial Delivery, defined below, and will be payable February 15 and August 15 of each year commencing February 15, 2025, until maturity or earlier redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See “THE OBLIGATIONS – BOOK-ENTRY-ONLY SYSTEM” herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Houston, Texas (see “THE OBLIGATIONS – PAYING AGENT/REGISTRAR”).

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1502, Texas Government Code, as amended, and an ordinance (the “Certificate Ordinance”) to be adopted by the City Council of the City of Buda, Texas (the “City”). The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of surplus net revenues of the City’s combined waterworks and sewer system, not to exceed \$1,000 as provided in the Certificate Ordinance (see “THE OBLIGATIONS – AUTHORITY FOR ISSUANCE” and “THE OBLIGATIONS – SECURITY AND SOURCE OF PAYMENT”).

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations incurred or to be incurred by the City for (1) constructing, expanding and equipping the City’s existing public works facility which serves as the administrative facility for the City’s transportation department employees and equipment to support and maintain City streets, roads and bridges and for the City’s utility department employees and equipment to support and maintain the City’s utility system; (2) constructing, improving, renovating, expanding and/or equipping City parks and related costs for expanding the City’s Sportsplex with additional fields, parking, concession stands, fences and restroom upgrades; and (3) paying related professional services including for construction managers, engineers, architects, attorneys, auditors, financial advisors, fiscal agents and costs related to issuing the Certificates. See “THE OBLIGATIONS – PURPOSE.”

CUSIP PREFIX: 118828

MATURITY SCHEDULE, INTEREST RATES, PRICES AND OTHER TERMS

SEE INSIDE COVER PAGE

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Certificate Purchaser and subject to the approving opinion of the Attorney General of the State of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel (see “APPENDIX C – FORMS OF BOND COUNSEL’S OPINIONS”).

DELIVERY . . . It is expected that the Certificates will be available for delivery through DTC on October 9, 2024 (the “Date of Initial Delivery”).

BIDS DUE ON TUESDAY, SEPTEMBER 17, 2024, BY 10:30 AM, CDT

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

MATURITY SCHEDULE*

8/15 Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP Numbers ⁽¹⁾
2025	\$ 180,000			
2026	265,000			
2027	425,000			
2028	450,000			
2029	470,000			
2030	495,000			
2031	520,000			
2032	545,000			
2033	570,000			
2034	600,000			
2035	630,000			
2036	660,000			
2037	695,000			
2038	730,000			
2039	770,000			
2040	805,000			
2041	845,000			
2042	880,000			
2043	915,000			
2044	950,000			

(Interest Accrues from the Date of Initial Delivery)

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright^(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. The CUSIP number for a specific maturity is subject to being changed after the initial issuance of obligations due to various subsequent actions including, but not limited to, a refunding in whole or in part, procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of obligations. None of the City, the Financial Advisor, the Certificate Purchaser or their agents or counsel assume responsibility for the accuracy of such numbers.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2034, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS – OPTIONAL REDEMPTION”). Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser of the Certificates elects to designate one or more maturities as Term Certificates.

SEPARATE ISSUES . . . The Certificates and the \$9,245,000* “City of Georgetown, Texas, General Obligation Bonds, Series 2024” (the “Bonds”) are being offered by the City concurrently under a common Official Statement, and such Certificates and Bonds are hereinafter sometimes referred to collectively as the “Obligations.” The Certificates and the Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

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

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Financial Advisor. This Official Statement does not constitute an offer to sell Obligations in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Purchaser of the Obligations. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

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

NONE OF THE CITY, THE FINANCIAL ADVISOR, OR THE PURCHASERS OF THE OBLIGATIONS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

TABLE OF CONTENTS

CITY OFFICIALS, STAFF AND CONSULTANTS... 6	TABLE 12 – CURRENT INVESTMENTS..... 27
ELECTED OFFICIALS 6	TAX MATTERS..... 27
SELECTED ADMINISTRATIVE STAFF 6	CONTINUING DISCLOSURE OF INFORMATION 29
CONSULTANTS AND ADVISORS 6	LEGAL MATTERS 31
OFFICIAL STATEMENT SUMMARY 7	OTHER INFORMATION..... 31
INTRODUCTION 9	APPENDICES
THE OBLIGATIONS..... 9	GENERAL INFORMATION REGARDING THE CITY A
AD VALOREM PROPERTY TAXATION.....16	EXCERPTS FROM THE ANNUAL FINANCIAL
TABLE 1 – VALUATION, EXEMPTIONS AND AD VALOREM	REPORT B
TAX DEBT20	FORMS OF BOND COUNSEL’S OPINIONS..... C
TABLE 2 – VALUATION AND AD VALOREM TAX DEBT	
HISTORY20	
TABLE 3 – TAX RATE, LEVY AND COLLECTION	
HISTORY21	
TABLE 4 – TEN LARGEST TAXPAYERS21	
TABLE 5 – TAX ADEQUACY21	
DEBT INFORMATION22	
TABLE 6 – PRO-FORMA DEBT SERVICE	
REQUIREMENTS22	
TABLE 7 – ESTIMATED OVERLAPPING DEBT23	
TABLE 8 – AUTHORIZED BUT UNISSUED GENERAL	
OBLIGATION DEBT23	
TABLE 9 – INTEREST AND SINKING FUND BUDGET	
PROJECTION23	
FINANCIAL INFORMATION24	
TABLE 10 – GENERAL FUND REVENUES AND	
EXPENDITURE HISTORY24	
TABLE 11 – MUNICIPAL SALES TAX HISTORY25	
INVESTMENTS25	

The cover and inside cover pages hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>
Lee Urbanovsky Mayor	4½ Years	November 2026
Matt Smith Councilmember Place 1	3½ Years	November 2025
Monica Davidson Councilmember Place 2	3½ Years	November 2026
LaVonia Horne-Williams Councilmember Place 3	2½ Years	November 2024
Paul Daugereau Councilmember Place 4	6½ Years	November 2024
Terry Cummings Councilmember Place 5	4½ Years	November 2025
Evan Ture Councilmember Place 6	6½ Years	November 2026

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>
Micah Grau	City Manager
Bianca Redmon	Finance Director
Angela Verduzco	Assistant Finance Director
Alicia Ramirez	City Clerk

CONSULTANTS AND ADVISORS

Auditors Weaver and Tidwell, L.L.P.
 Certified Public Accountants
 Austin, Texas

Bond Counsel McCall, Parkhurst & Horton L.L.P.
 Austin, Texas

Financial Advisor.....Specialized Public Finance Inc.
 Austin, Texas

For additional information regarding the City, please contact:

Micah Grau	Jennifer Ritter
City Manager	Managing Director
City of Buda	Specialized Public Finance Inc.
405 East Loop Street	248 Addie Roy Road
Building 100	Suite B-103
Buda, Texas 78610	Austin, Texas 78746
(512) 523-1017	(512) 275-7300

or

OFFICIAL STATEMENT SUMMARY

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

THE OBLIGATIONS

THE OBLIGATIONS..... The \$9,245,000* General Obligation Bonds, Series 2024 (the “Bonds”) are issued as serial Bonds maturing on August 15 in the years 2026 through and including 2044 unless any maturities are designated by the Bond Purchaser as term Bonds (“Term Bonds”).

The \$12,400,000* Combination Tax and Limited Revenue Certificates of Obligation, Series 2024 (the “Certificates”) are issued as serial Certificates maturing on August 15 in the years 2025 through and including 2044 unless any maturities are designated by the Certificate Purchaser as term Certificates (“Term Certificates”) (see “THE OBLIGATIONS – GENERAL”).

The Bonds and the Certificates are sometimes referred to herein collectively as the “Obligations.”

PAYMENT OF INTEREST Interest on the Obligations will accrue from the Date of Initial Delivery and is payable February 15, 2025, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE OBLIGATIONS – GENERAL” and “THE OBLIGATIONS – OPTIONAL REDEMPTION”).

AUTHORITY FOR ISSUANCE The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Chapter 1331, Texas Government Code, as amended, an election held within the City on November 2, 2021 and an ordinance (the “Bond Ordinance”) to be adopted by the City Council of the City of Buda, Texas (the “City”) on September 17, 2024.

The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, and an ordinance to be adopted by the City Council of the City on September 17, 2024 authorizing the issuance of the Certificates (the “Certificate Ordinance”). See “THE OBLIGATIONS – AUTHORITY FOR ISSUANCE.”

SECURITY FOR THE OBLIGATIONS.. The Bonds are direct obligations of the City payable from the levy and collection of a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City as provided in the Bond Ordinance.

The Certificates constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Certificate Ordinance and a limited pledge of surplus net revenues of the City’s combined waterworks and sewer system not to exceed \$1,000 (see “THE OBLIGATIONS – SECURITY AND SOURCE OF PAYMENT”).

REDEMPTION The City reserves the right, at its option, to redeem Obligations having stated maturities on and after August 15, 2034, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS – OPTIONAL REDEMPTION”). Additionally, the Obligations may be subject to mandatory sinking fund redemption in the event the respective Purchaser elects to designate one or more maturities as Term Bonds or Term Certificates.

TAX EXEMPTION..... In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.

*Preliminary, subject to change.

USE OF PROCEEDS Proceeds from the sale of the Bonds will be used for (1) the purposes set forth in the November 2021 bond propositions, including: (i) constructing, improving, extending, expanding, upgrading and/or developing transportation projects for streets, roads, bridges, and intersections and (ii) constructing, improving, extending, expanding, upgrading and/or developing City parks and recreation projects; and (2) paying professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Bonds.

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations incurred or to be incurred by the City for (1) constructing, expanding and equipping the City’s existing public works facility which serves as the administrative facility for the City’s transportation department employees and equipment to support and maintain City streets, roads and bridges and for the City’s utility department employees and equipment to support and maintain the City’s utility system; (2) constructing, improving, renovating, expanding and/or equipping City parks and related costs for expanding the City’s Sportsplex with additional fields, parking, concession stands, fences and restroom upgrades; and (3) paying related professional services including for construction managers, engineers, architects, attorneys, auditors, financial advisors, fiscal agents and costs related to issuing the Certificates. See “THE OBLIGATIONS – PURPOSE.”

GENERAL

THE CITY..... The City of Buda, Texas (the “City”) is a political subdivision located in Hays County, and operating as a home-rule city under the laws of the State of Texas and a charter approved by the City’s voters in 2007. The City is approximately 2.41 square miles in area (see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY”).

RATING..... The Obligations and the outstanding debt of the City have been rated “AA” by S&P Global Ratings (“S&P”) without regard to credit enhancement (see “OTHER INFORMATION – RATING”).

BOOK-ENTRY-ONLY SYSTEM..... The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the book-entry-only system described herein. Beneficial ownership of the Obligations may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see “THE OBLIGATIONS – BOOK-ENTRY-ONLY SYSTEM”).

PAYMENT RECORD The City has never defaulted on payment of its debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Funded Tax Debt ⁽²⁾	Per Capita Funded Tax Debt	Ratio Funded Debt to Taxable Assessed Valuation	% of Total Tax Collections
2021	15,643	\$ 1,879,344,012	\$ 120,140	\$ 56,400,000	\$ 3,605	3.00%	94.38%
2022	16,086	2,131,563,681	132,510	93,630,000	5,821	4.39%	99.93%
2023	16,086	2,664,187,840	165,622	91,410,000	5,683	3.43%	99.81%
2024	16,030	2,935,872,236	183,149	89,135,000	5,561	3.04%	98.93% ⁽⁴⁾
2025	16,030	3,145,828,541	196,246	101,135,000 ⁽³⁾	6,309	3.21%	N/A

(1) Source: The Municipal Advisory Council and the City.
(2) Excludes the debt considered self-supporting. See “Table 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT.”
(3) Projected; includes the Obligations. Preliminary, subject to change.
(4) Partial collections as of June 30, 2024.

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

\$9,245,000*
CITY OF BUDA, TEXAS
GENERAL OBLIGATION BONDS,
SERIES 2024

\$12,400,000*
CITY OF BUDA, TEXAS
COMBINATION TAX AND LIMITED REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2024

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$9,245,000* City of Buda, Texas General Obligation Bonds, Series 2024 (the “Bonds”) and the \$12,400,000* City of Buda, Texas Combination Tax and Limited Revenue Certificates of Obligation, Series 2024 (the “Certificates”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective ordinances (the “Bond Ordinance” and the “Certificate Ordinance,” and as applicable, collectively the “Ordinances”), except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City’s Financial Advisor, Specialized Public Finance Inc., Austin, Texas, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

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

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City first adopted its Home Rule Charter in 2007. The City operates under the Council/Manager form of government where the Mayor and six Councilmembers are elected for staggered three-year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, sanitation services, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The estimated 2024 population is 16,030. The City covers approximately 2.41 square miles. For more information regarding the City, see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY.”

THE OBLIGATIONS

GENERAL . . . The Obligations are dated October 9, 2024, and mature on August 15 in each of the years and in the amounts shown on pages 2 and 4 hereof. Interest on the Obligations will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable February 15 and August 15 of each year commencing February 15, 2025 until maturity or earlier redemption, accruing from the Date of Initial Delivery.

The definitive Obligations will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the book-entry-only system described herein (the “Book-Entry-Only System”). **No physical delivery of the Obligations will be made to the owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See “BOOK-ENTRY-ONLY SYSTEM” herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1331, Texas Government Code, as amended, an election held within the City on November 1, 2021 and the Bond Ordinance.

The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, and the Certificate Ordinance to be adopted by the City Council on September 17, 2024.

SECURITY AND SOURCE OF PAYMENT . . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City sufficient to provide for the payment of principal of and interest on the Bonds.

*Preliminary, subject to change.

The Certificates constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on the Certificates as provided in the Certificate Ordinance, and a limited pledge of surplus net revenues of the City's combined waterworks and sewer system not to exceed \$1,000.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities to \$2.50 per \$100 taxable assessed valuation for all purposes. Administratively, the Attorney General of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service calculated at the time of issuance based on 90% tax collections.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Obligations having stated maturities on and after August 15, 2034, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations of a series are to be redeemed, the City may select the maturities of such Obligations to be redeemed. If less than all the Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot or any other customary random method such Obligations, or portions thereof, within such maturity to be redeemed. If any Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to an optional redemption date for the Obligations, the City shall cause a notice of redemption to be sent by United States mail, first-class, postage prepaid, to the registered owners of the Obligations to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Obligations will send any notice of redemption, notice of proposed amendment to the Ordinances or other notices with respect to the Obligations only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Obligation called for redemption or any other action premised or any such notice.

Redemption of portions of the Obligations by the City will reduce the outstanding principal amount of such Obligations held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Obligation held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Obligation from the beneficial owners. Any such selection of Obligations to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Obligations or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Obligations for redemption. See "THE OBLIGATIONS – Book-Entry-Only System" herein.

With respect to any optional redemption of the Obligations, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of a premium, if any, and interest on the applicable Obligations to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Obligations, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Obligations have not been redeemed.

DTC REDEMPTION PROVISIONS . . . The Paying Agent/Registrar and the City so long as a book-entry-only system is used for the Obligations, will send any notice of redemption, notice of proposed amendment to the Ordinances or other notices with respect to the Obligations to DTC. Any failure by DTC to advise any DTC Participant, or of any Direct Participant or Indirect Participant to notify the beneficial owner, shall not affect the validity of the redemption of the Obligations called for redemption or any other action premised on any such notice. Redemption of portions of the Obligations by the City will reduce the outstanding principal amount of such Obligations held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Obligations held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Obligations and such redemption will

not be conducted by the City or the Paying/Agent Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC Participants, Indirect Participants or persons for whom DTC Participants act as nominees, with respect to the payments on the Obligations or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Obligations for redemption.

DEFEASANCE . . . General. The Ordinances provide for the defeasance of the Obligations and the termination of the pledge of taxes and all other general covenants in the Ordinances under certain circumstances. Any Obligation and the interest thereon shall be deemed to be paid, retired and no longer outstanding (“Defeased Obligation”) within the meaning of the Ordinances, except to the extent provided below for the Paying Agent/Registrar to continue payments and for the City to retain the right to call Defeased Obligations to be paid at maturity, when the payment of all principal and interest payable with respect to such Defeased Obligations to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until after all Defeased Obligations shall have become due and payable or (c) any combination of (a) and (b). At such time as a Obligation shall be deemed to be a Defeased Obligation, such Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged as provided in the Ordinances, and such principal and interest shall be payable solely from such money or Defeasance Securities and thereafter the City will have no further responsibility with respect to amounts available to such Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Obligation, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by law) to receive payment when due on the Defeased Securities.

The deposit under clause (2) above shall be deemed a payment of an Obligation when proper notice of redemption of such Obligations shall have been given, in accordance with the Ordinances. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company may at the discretion of the City also be invested in Defeasance Securities, as hereinafter defined, maturing in the amounts and at the times as set forth in the Ordinances, and all income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company that is not required for the payment of the Obligations and interest thereon, with respect to which such money has been so deposited, shall be remitted to the City.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Ordinances for the payment of principal of the Obligations and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Obligations and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Obligations shall have become due and payable, the Paying Agent/Registrar or a commercial bank or trust company shall perform the services of Paying Agent/Registrar for such Defeased Obligations the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by the Ordinances.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company for the payment of Obligations and such Obligations shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Ordinances shall be made without the consent of the registered owner of each Obligation affected thereby.

Retention of Rights. To the extent that, upon the defeasance of any Defeased Obligations to be paid at its maturity, the City retains the right under State law to later call any Defeased Obligations which is subject to redemption (i.e. the Obligations) in accordance with the provisions of the Ordinances, the City may call such Defeased Obligations for redemption upon complying with the provisions of State law and upon the satisfaction of the provisions set forth above regarding such Defeased Obligations as though it was being defeased at the time of the exercise of the option to redeem the Defeased Obligations and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Obligations.

Investments. Any escrow agreement or other instrument entered into between the City and the Paying Agent/Registrar or a commercial bank or trust company pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or a commercial bank or trust company for the payment of Defeased Obligations may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company which is not required for the payment of the Obligations and interest thereon, with respect to which such money has been so deposited, will be remitted to the City.

For the purposes of these provisions, “Defeasance Securities” means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Obligations are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and

that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Obligations, are rated as to investment quality by a nationally recognized investment rating firm no less than “AAA” or its equivalent and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Obligations. For the purposes of these provisions, “Federal Securities” means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Obligations. Because the Ordinance do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM . . . This section describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and credited by DTC while the Obligations are registered in its nominee’s name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered Obligations registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Obligation will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject

to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

All payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Obligations held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City does not take any responsibility for the accuracy thereof.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Obligations are in the book-entry-only system, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Obligations, but (i) all rights of ownership must be exercised through DTC and the book-entry-only system, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the respective Purchaser.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Houston, Texas. In the Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first-class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . If the Book-Entry-Only System should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer.

Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See “Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Obligation.

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

OBLIGATIONHOLDERS’ REMEDIES . . . The Ordinances establish specific events of default with respect to the Obligations. If the City defaults in the payment of the principal of or interest on the Obligations when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinances, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinances provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or the Ordinances and the City’s obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinances do not provide for the appointment of a trustee to represent the interest of the Obligationholders upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (Tex. 2006), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the City’s governmental immunity from a suit for money damages, Obligationholders may not be able to bring such a suit against the City for breach of the Obligations or covenants in the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to waive immunity when a city performs a proprietary function.

As noted above, the respective Ordinances provide that holders of Obligations may exercise the remedy of mandamus to enforce the obligations of the City under the respective Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the

prosecution of any other legal action by creditors or Obligationholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to governmental immunity and the customary rights of debtors relative to their creditors and general principles of equity which permit the exercise of judicial discretion.

AMENDMENTS TO THE ORDINANCE . . . In the Ordinances, the City has reserved the right to amend the Ordinances without the consent of any owners for the purpose of amending or supplementing such Ordinances to (1) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the owners, (2) grant additional rights or security for the benefit of the owners, (3) add events of default as shall not be inconsistent with the provisions of the Ordinances that do not materially adversely affect the interests of the owners, (4) qualify the Ordinances under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (5) make such other provisions in regard to matters or questions arising under the Ordinances that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interest of the owners.

The Ordinances further provide that the owners of the Obligations aggregating in principal amount 51% of the outstanding Obligations of each series shall have the right from time to time to approve any amendment not described above to the respective Ordinances if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the owners in original principal amount of the then outstanding Obligations no amendment may be made of the purpose of: (1) making any change in the maturity of any of the outstanding Obligations; (2) reducing the rate of interest borne by any of the outstanding Obligations; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Obligations; (4) modifying the terms of payment of principal or of interest or redemption premium on outstanding Obligations, or imposing any condition with respect to such payment; or (5) changing the minimum percentage of principal amount of the Obligations necessary for consent to such amendment. Reference is made to the Ordinances for further provisions relating to the amendment thereof.

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (1) the purposes set forth in the November 2021 bond propositions, including: (i) constructing, improving, extending, expanding, upgrading and/or developing transportation projects for streets, roads, bridges, and intersections and (ii) constructing, improving, extending, expanding, upgrading and/or developing City parks and recreation projects; and (2) paying professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Bonds.

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations incurred or to be incurred by the City for (1) constructing, expanding and equipping the City’s existing public works facility which serves as the administrative facility for the City’s transportation department employees and equipment to support and maintain City streets, roads and bridges and for the City’s utility department employees and equipment to support and maintain the City’s utility system; (2) constructing, improving, renovating, expanding and/or equipping City parks and related costs for expanding the City’s Sportsplex with additional fields, parking, concession stands, fences and restroom upgrades; and (3) paying related professional services including for construction managers, engineers, architects, attorneys, auditors, financial advisors, fiscal agents and costs related to issuing the Certificates.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Obligations will be applied approximately as follows:

	<u>The Bonds</u>	<u>The Certificates</u>
Sources:		
Principal	\$	\$
Net Premium/(Discount)	_____	_____
Total Sources	\$	\$
Uses:		
Deposit to Project Fund	\$	\$
Purchaser’ Discount		
Deposit to Debt Service Fund		
Costs of Issuance	_____	_____
Total Uses	\$	\$

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

AD VALOREM PROPERTY TAXATION

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

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

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

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

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

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

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

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

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

FREEPORT EXEMPTIONS . . . Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following

tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

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

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

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "-- City Application of Tax Code" below, for descriptions of any of the City's tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the City, see "-- City Application of Tax Code" herein.

PUBLIC HEARING AND TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBT TAX RATE LIMITATIONS . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, the City and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value of at least \$50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (See “– Public Hearing and Maintenance and Operation Tax Rate Limitations.”) The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

CITY’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent

taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses pricing information in either the standard edition of the Annual Energy Outlook or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. Taxes become due October 1 of the same year and become delinquent on February 15 of the following year. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran, are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1.

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

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$35,000; the disabled are also granted an exemption of \$35,000.

The City has granted an additional exemption of the market value of residence homesteads.

See "Table 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT" for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and the Hays County Tax Assessor/Collector collects taxes for the City.

The City does permit split payments, and discounts are allowed.

The City does not tax freeport property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has not adopted a tax abatement policy.

TABLE 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT

2024/25 Market Valuation Established by Hays Central Appraisal District (excluding totally exempt property)		\$ 3,266,224,722
Less Exemptions/Reductions at 100% Market Value:		<u>120,396,181</u>
2024/25 Taxable Assessed Valuation		\$ 3,145,828,541
City Funded Debt Payable from Ad Valorem Taxes (as of 8-1-2024)	\$ 136,995,000	
The Bonds	9,245,000 ⁽¹⁾	
The Certificates	<u>12,400,000 ⁽¹⁾</u>	
Total Debt Payable from Ad Valorem Taxes		\$ 158,640,000
Less: Self-Supporting Debt		<u>(52,475,000) ⁽²⁾</u>
Net Debt Payable from Ad Valorem Taxes		\$ 106,165,000
Interest and Sinking Fund (as of 8-1-2024)		\$ 5,469,739
Ratio Tax Supported Debt to Taxable Assessed Valuation		3.37%

2025 Estimated Population - 16,030
Per Capita Taxable Assessed Valuation - \$196,246
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$6,597

(1) Preliminary, subject to change.

(2) A portion of the City's Combination Tax and Limited Revenue Certificates of Obligation, Series 2006, Combination Tax and Limited Revenue Certificates of Obligation, Series 2014, General Obligation Refunding Bonds, Series 2020, the 2021 Certificates and the Certificates are supported by waterworks and sewer system revenues. The City's Combination Tax and Limited Revenue Certificates of Obligation, Series 2014A, Combination Tax and Limited Revenue Certificates of Obligation, Series 2016, Combination Tax and Limited Revenue Certificates of Obligation, Series 2017, Tax Notes, Series 2018, General Obligation Refunding Bonds, Series 2019 and the Combination Tax and Limited Revenue Certificates of Obligation, Series 2022 are 100% supported by waterworks and sewer system revenues. Preliminary, subject to change.

TABLE 2 – VALUATION AND AD VALOREM TAX DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End Of Year ⁽²⁾	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2021	15,643	\$ 1,879,344,012	\$ 120,140	\$ 56,400,000	3.00%	\$ 3,605
2022	16,086	2,131,563,681	132,510	93,630,000	4.39%	5,821
2023	16,086	2,664,187,840	165,622	91,410,000	3.43%	5,683
2024	16,030	2,935,872,236	183,149	89,135,000	3.04%	5,561
2025	16,030	3,145,828,541	196,246	101,135,000 ⁽³⁾	3.21%	6,309

(1) Source: The Municipal Advisory Council and the City.

(2) Excludes self-supporting debt. See "Table 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT."

(3) Projected; includes the Obligations. Preliminary, subject to change.

TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2020	\$ 0.3496	\$ 0.1096	\$ 0.2400	\$ 6,393,549	99.80%	99.80%
2021	0.3423	0.1147	0.2276	6,736,689	94.38%	94.38%
2022	0.3423	0.1087	0.2336	7,554,435	99.93%	99.93%
2023	0.3423	0.0926	0.2497	9,254,078	99.75%	99.81%
2024	0.3379	0.0882	0.2497	9,920,312	98.93% ⁽¹⁾	98.93% ⁽¹⁾

(1) Partial collections as of June 30, 2024.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2024/25 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Texas Lehigh Cement Co.	\$ 77,289,093	2.46%
SRPF C/Buda Industrial LP	75,357,666	2.40%
W.W. Carrington Oaks LLC	54,592,933	1.74%
Buda Acquisition LLC	51,248,306	1.63%
MFT-Silverado II LLC	38,364,635	1.22%
Capital Excavation Inc.	21,241,673	0.68%
Ethanol Products - Central Texas LLP	21,056,081	0.67%
Dynamic Systems Inc.	17,571,374	0.56%
Shoal Creek Properties Ltd.	16,139,649	0.51%
Buda House Assisted Living LLC	15,820,761	0.50%
	<u>\$ 388,682,171</u>	<u>12.36%</u>

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City’s Home Rule Charter (see “THE OBLIGATIONS – TAX RATE LIMITATION”).

TABLE 5 – TAX ADEQUACY⁽¹⁾

2024 Principal and Interest Requirements	\$ 5,930,887
\$0.1924 Tax Rate at 98% Collection Produces	\$ 5,931,523
Estimated Average Annual Principal and Interest Requirements, 2024-2044	\$ 7,344,290
\$0.2383 Tax Rate at 98% Collection Produces	\$ 7,346,579
Estimated Maximum Annual Principal and Interest Requirements, 2034	\$ 8,776,613
\$0.2847 Tax Rate at 98% Collection Produces	\$ 8,777,050

(1) Excludes self-supporting debt. See “Table 1 – VALUATIONS, EXEMPTIONS AND AD VALOREM TAX DEBT.” Preliminary, subject to change.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

DEBT INFORMATION

TABLE 6 – PRO-FORMA DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Ad Valorem Tax Debt ⁽¹⁾			The Bonds ⁽²⁾			The Certificates ⁽²⁾			LESS: Self-Supporting Debt ⁽³⁾	Total Ad Valorem Tax Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total		
2024	\$ 5,360,000	\$ 5,344,341	\$ 10,704,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,773,454	\$ 5,930,887
2025	6,930,000	5,115,261	12,045,261	-	369,453	369,453	180,000	496,485	676,485	5,158,317	7,932,881
2026	6,395,000	4,834,049	11,229,049	35,000	434,650	469,650	265,000	575,100	840,100	4,216,707	8,322,092
2027	6,620,000	4,557,816	11,177,816	330,000	432,900	762,900	425,000	561,850	986,850	4,162,943	8,764,624
2028	6,905,000	4,277,104	11,182,104	345,000	416,400	761,400	450,000	540,600	990,600	4,169,174	8,764,931
2029	7,180,000	4,000,828	11,180,828	365,000	399,150	764,150	470,000	518,100	988,100	4,170,255	8,762,823
2030	7,245,000	3,719,694	10,964,694	380,000	380,900	760,900	495,000	494,600	989,600	3,945,835	8,769,359
2031	7,350,000	3,419,271	10,769,271	400,000	361,900	761,900	520,000	469,850	989,850	3,745,421	8,775,600
2032	7,570,000	3,104,965	10,674,965	420,000	341,900	761,900	545,000	443,850	988,850	3,652,850	8,772,865
2033	7,805,000	2,797,215	10,602,215	440,000	320,900	760,900	570,000	416,600	986,600	3,584,650	8,765,065
2034	8,120,000	2,485,778	10,605,778	465,000	298,900	763,900	600,000	388,100	988,100	3,581,165	8,776,613
2035	8,080,000	2,199,358	10,279,358	485,000	275,650	760,650	630,000	358,100	988,100	3,254,485	8,773,622
2036	8,350,000	1,926,501	10,276,501	510,000	251,400	761,400	660,000	326,600	986,600	3,255,685	8,768,816
2037	8,405,000	1,627,918	10,032,918	535,000	225,900	760,900	695,000	293,600	988,600	3,257,795	8,524,622
2038	8,695,000	1,328,195	10,023,195	565,000	199,150	764,150	730,000	258,850	988,850	3,257,010	8,519,185
2039	9,020,000	1,007,870	10,027,870	590,000	170,900	760,900	770,000	222,350	992,350	3,258,235	8,522,885
2040	7,530,000	675,295	8,205,295	620,000	141,400	761,400	805,000	183,850	988,850	3,256,360	6,699,185
2041	5,845,000	402,285	6,247,285	650,000	110,400	760,400	845,000	143,600	988,600	3,260,840	4,735,445
2042	5,280,000	197,005	5,477,005	675,000	84,400	759,400	880,000	109,800	989,800	2,634,605	4,591,600
2043	-	-	-	705,000	57,400	762,400	915,000	74,600	989,600	373,000	1,379,000
2044	-	-	-	730,000	29,200	759,200	950,000	38,000	988,000	369,200	1,378,000
	\$ 138,685,000	\$ 53,020,747	\$ 191,705,747	\$ 9,245,000	\$ 5,302,853	\$ 14,547,853	\$ 12,400,000	\$ 6,914,485	\$ 19,314,485	\$ 71,337,985	\$ 154,230,099

(1) Includes self-supporting general obligation debt.

(2) Interest calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.

(3) See “Table 1 – VALUATIONS, EXEMPTIONS AND AD VALOREM TAX DEBT.” Preliminary, subject to change.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

TABLE 7 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt (“Tax Debt”) was developed from information contained in “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	City's Overlapping Tax Supported Debt as of 7/31/2024
Hays CISD	\$ 874,350,000	15.02%	\$ 131,327,370
Hays County	475,481,919	6.42%	30,525,939
Austin Community College District	562,445,000	0.79%	4,443,316
City of Buda	105,755,000 ⁽¹⁾	100.00%	105,755,000
Total Direct and Overlapping Tax Supported Debt			\$ 272,051,625
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			8.65%
Per Capita Overlapping Tax Supported Debt			\$ 16,971

(1) Includes the Obligations and excludes self-supporting debt. See “Table 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT.” Preliminary, subject to change.

TABLE 8 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Authorization Being Used ⁽¹⁾	Unissued Balance
Streets & Roads	11/2/2021	\$ 73,570,000	\$ 26,751,265	\$ 8,354,000	\$ 38,464,735
Parks & Recreation	11/2/2021	16,090,000	15,199,000	891,000	-
Total		\$ 89,660,000	\$ 41,950,265	\$ 9,245,000	\$ 38,464,735

(1) Preliminary, subject to change.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City does not anticipate the issuance of additional ad valorem tax debt within the next twelve months.

TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated General Obligation Debt Service Requirements, Fiscal Year Ending 9/30/2024	\$ 10,704,341
2023 Interest and Sinking Fund Tax Levy	\$ 6,964,329
Fiscal Year End 2023 Interest and Sinking Fund Balance	89,556
Self-Supported Debt Service	4,773,454
Estimated Balance, 9/30/2024	<u>\$ 1,122,998</u>

OTHER OBLIGATIONS . . . The City has other obligations totaling \$183,727 as of August 1, 2024. See “Notes to the Financial Statements” in APPENDIX B.

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System (“TMRS”), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see “APPENDIX B – EXCERPTS FROM THE CITY OF BUDA, TEXAS ANNUAL FINANCIAL REPORT.”)

FINANCIAL INFORMATION

TABLE 10 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
	2023	2022	2021	2020	2019
Revenues:					
Taxes	\$ 12,677,634	\$ 11,983,152	\$ 14,569,971	\$ 11,298,891	\$ 10,222,567
Fees and charges	2,844,317	3,079,193	2,853,152	2,157,142	2,507,710
Grants and Contributions	83,495	2,467,059	66,311	1,152,620	888,906
Interest	1,187,179	(144,924)	85,232	166,152	324,172
Miscellaneous	126,531	164,435	438,069	148,170	45,460
Total Revenues	\$ 16,919,156	\$ 17,548,915	\$ 18,012,735	\$ 14,922,975	\$ 13,988,815
Expenditures:					
Administration and General	\$ 1,834,719	\$ 2,065,698	\$ 1,808,831	\$ 1,544,669	\$ 2,152,194
Finance	1,076,061	832,485	745,071	695,082	629,918
Economic Development	-	315,092	3,869,569	3,105,580	2,829,181
Streets and infrastructure	1,697,848	1,494,722	1,254,379	1,132,940	785,586
Engineering and planning	1,506,060	1,190,789	866,276	935,675	975,243
Fleet maintenance	214,234	212,202	165,401	133,808	133,248
Parks and recreation	1,701,478	1,295,354	1,277,576	955,493	904,600
Library	747,438	696,769	666,383	631,136	628,773
Community development	494,454	199,478	253,658	251,640	243,312
Non-departmental	1,152,363	1,341,335	1,813,804	2,320,237	642,009
Public Safety	4,021,891	3,124,622	2,751,699	2,410,292	2,182,120
Municipal Court	135,447	124,307	138,299	150,201	141,161
Animal Control	107,104	100,800	107,119	110,390	95,268
Information Technology	617,061	666,183	545,495	553,708	397,387
Facilities Maintenance	230,722	315,544	276,912	244,420	238,957
Capital Outlay	-	-	26,626	281,113	726,787
Debt Service	263,447	57,767	57,768	73,410	74,590
Total Expenses	\$ 15,800,327	\$ 14,033,147	\$ 16,624,866	\$ 15,529,794	\$ 13,780,334
Excess (Deficiency) of Revenues over Expenditures	\$ 1,118,829	\$ 3,515,768	\$ 1,387,869	\$ (606,819)	\$ 208,481
Loan and financing lease proceeds	\$ -	\$ -	\$ -	\$ -	\$ 261,475
Bond Proceeds	-	-	1,529,671	-	-
Subscriptions	354,536	-	-	-	-
Budgeted Transfers In	841,079	1,224,788	945,293	1,365,216	1,339,684
Budgeted Transfers Out	(865,298)	(5,544,155)	(7,318)	(189,865)	(62,815)
	330,317	(4,319,367)	2,467,646	1,175,351	1,538,344
Net Increase (Decrease)	\$ 1,449,146	\$ (803,599)	\$ 3,855,515	\$ 568,532	\$ 1,746,825
Fund Equity at Beginning of Year	11,787,725	12,591,324 ⁽¹⁾	7,622,244	7,053,712	5,306,887
Adjustments to Fund Balance	-	-	-	-	-
Fund Equity at End of Year	\$ 13,236,871	\$ 11,787,725	\$ 11,477,759	\$ 7,622,244	\$ 7,053,712

Source: City's audited financial statements.

(1) Restated.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

TABLE 11 – MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321 of the Texas Tax Code, which grants the City the 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 Obligations. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2020	\$ 8,347,110	130.56%	\$ 0.4620	\$ 553
2021	10,637,540	157.90%	0.5660	680
2022	11,917,194	157.75%	0.5591	741
2023	12,747,991	137.76%	0.4785	792
2024 ⁽¹⁾	10,601,941	106.87%	0.3611	661

(1) Partial collections as of July 30, 2024.

INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council of the City. Both State law and the City’s investment policies are subject to change.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under State law the City is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City’s account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) (the “PFIA”) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City’s name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (12)

commercial paper with a stated maturity of 365 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

A political subdivision such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City’s name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

An eligible political subdivision such as the City may enter into hedging transactions, including hedging contracts, related security, credit, and insurance agreements in connection with commodities used the political subdivision in its general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the SEC. The political subdivision may pledge to such contracts or agreements any general or special revenues or funds it is authorized by law to pledge to the payment of any other obligations. The political subdivision’s cost under such contract or agreement may be considered an operations and maintenance expense, an acquisition costs, a project cost, or a construction expense.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than “AAA” or “AAAm” or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, the City’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived.” At least quarterly the City’s investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest City funds without express written authority from the City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance, or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City, (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City’s investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City’s entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement attesting to these requirements, (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City’s investment policy, (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (7) restrict the investment in no-load money market mutual funds in the aggregate to no more than 15% of the City’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, (9) provide specific investment training for the treasurer, the chief financial officer (if not the treasurer) and the investment officer, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

The City’s current investment policy is in compliance with the State law requirements described above.

TABLE 12 – CURRENT INVESTMENTS

As of May 31, 2024, the City’s investable funds were invested in the following categories:

Investments	Market Value	% of Total
Money Market Mutual Funds	\$ 13,427,438	12.98%
Local Government Investment Pool	42,572,219	41.17%
U.S. Government Agencies	47,410,150	45.85%
	\$ 103,409,807	100.00%

As of such date, the market value of the investment portfolio was approximately 99.58% of its book value. No funds of the City are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

TAX MATTERS

OPINION . . . On the date of initial delivery of the Obligations, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Obligations for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Obligations will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations. See “APPENDIX C – FORMS OF BOND COUNSEL’S OPINIONS.”

In rendering its opinion, Bond Counsel will rely upon (a) the City’s federal tax certificate and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Obligations and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Obligations to become includable in gross income retroactively to the date of issuance of the Obligations.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Obligations in order for interest on the Obligations to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Obligations to be included in gross income retroactively to the date of issuance of the Obligations. The opinion of Bond Counsel is conditioned on compliance by the City with the covenants and the requirements described in the preceding paragraph, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Obligations.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Obligations.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Obligations or the property financed or refinanced with proceeds of the Obligations. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Obligations, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Obligationholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the Obligations may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Obligations"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Obligations less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year. Under Existing Law, any owner who has purchased such Original Issue Discount Obligation in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Obligation equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Obligation prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Obligation was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Obligation is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Obligation for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Obligation.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Obligations which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Obligations should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Obligations and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Obligations.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Obligations. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE OBLIGATIONS.

Interest on the Obligations may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Obligations, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Obligations, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Obligations under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Obligations under Federal or state law and could affect the market price or marketability of the Obligations. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Obligations should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the registered and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the Municipal Securities Rulemaking Board (“MSRB”). The MSRB currently makes this information publicly available on its Electronic Municipal Market Access System (“EMMA”) at <http://emma.msrb.org/>.

ANNUAL REPORTS . . . The City will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the Tables numbered 1 through 6 and 8 through 12 and in APPENDIX B. The City will provide this information within 6 months after the end of each fiscal year ending in or after 2024. If audited financial statements are not available when the other information is provided, the City will provide audited financial statements when and if they become available and will provide unaudited financial statements within 12 months after fiscal year end, unless audited financial statements are sooner provided. Financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the “SEC”).

The City’s current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year and audited financial statements by September 30, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES . . . The City will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The City will provide notice of any of the following events with respect to the Obligations: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of Beneficial Owners of the Obligations, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing

repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City or other obligated person within the meaning of CFR § 240.15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the City or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the City or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. Neither the Obligations nor the Ordinances make any provision for debt service reserves, credit enhancement or a trustee.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The City intends the words used in clauses (15) and (16) above and the definition of financial obligation in this Section to have the meanings as when they are used in the Rule, as evidenced by Securities and Exchange Commission Release No. 34-83885, dated August 20, 2018.

The City will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The City will also provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under “Annual Reports.”

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered and beneficial owners of the Obligations.

The City may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations, giving effect to (i) such provisions as so amended and (ii) any amendments or interpretations of the Rule.

If the City so amends its continuing disclosure agreement as described in this section, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “ANNUAL REPORTS” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City has complied in all material respects with its continuing disclosure agreements entered into pursuant to the Rule for the last five years.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

LEGAL MATTERS

LEGAL OPINIONS . . . Issuance of the Obligations is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Obligations are valid and binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the City. Issuance of the Obligations is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. (“Bond Counsel”), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Obligations, to the effect that the Obligations are valid and binding obligations of the City payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel’s legal opinion will also address the matters described herein under “TAX MATTERS.” Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Obligations. In connection with the issuance of the Obligations, Bond Counsel has been engaged by, and only represents, the City. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations are based upon a percentage of Obligations actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Obligations.

The various legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

NO-LITIGATION CERTIFICATE . . . The City will furnish to each Purchaser a certificate, dated as of the date of delivery of the Obligations, executed by both the Mayor and City Clerk of the Board, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Obligations; restraining or enjoining the issuance, execution or delivery of the Obligations; affecting the provisions made for the payment of or security for the Obligations; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Obligations; or affecting the validity of the Obligations.

NO MATERIAL ADVERSE CHANGE . . . The obligations of each Purchaser to take and pay for the respective Obligations, and of the City to deliver the Obligations, are subject to the condition that, up to the time of delivery of and receipt of payment for the Obligations, there shall have been no material adverse change in the condition (financial or otherwise) of the City from that set forth or contemplated in the Official Statement.

OTHER INFORMATION

RATING . . . The Obligations and the outstanding debt of the City have been rated “AA” by S&P Global Ratings (“S&P”) without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The rating reflects only the respective views of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any of such rating may have an adverse effect on the market price of the Obligations.

LITIGATION . . . The City is a defendant in various tort claims and lawsuits involving general liability, civil rights actions, and various contractual matters. In the opinion of the City’s management and the City Attorney’s office, the outcome of the pending litigation will not have a material adverse effect on the City’s financial position or operations of the City.

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Under the Texas Public Security Procedures Act, Chapter 1201, Texas Government Code, as amended, the Obligations (1) are negotiable instruments, (2) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (3) are legal and authorized investments for (a) an insurance company, (b) a fiduciary or trustee, or (c) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Obligations are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, the Obligations may have to be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See

“OTHER INFORMATION – RATING” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations. No review has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. The City has made no review of laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor’s fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. Specialized Public Finance Inc., in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the City’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City’s actual results could differ materially from those in such forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

INITIAL PURCHASER . . . After requesting competitive bids for the Bonds, the City accepted the bid of _____ (the “Bond Purchaser”) to purchase the Bonds at the interest rates shown on page 2 of the Official Statement at a price of approximately _____% of par. The Bond Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Bond Purchaser. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Bond Purchaser.

After requesting competitive bids for the Certificates, the City accepted the bid of _____ (the “Certificate Purchaser”) to purchase the Certificates at the interest rates shown on page 4 of the Official Statement at a price of approximately _____% of par. The Certificate Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Certificate Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Certificate Purchaser.

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

The Ordinances authorizing the issuance of the Obligations also approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Obligations by the Purchasers.

This Official Statement has been approved by the City Council for distribution in accordance with the provisions of the Securities and Exchange Commission’s rule codified at 17 C.F.R. Section 240.15c2-12.

CERTIFICATION AS TO OFFICIAL STATEMENT . . . The City, acting by and through its City Council in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the City and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the City, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the City has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in “CONTINUING DISCLOSURE OF INFORMATION” herein, the City has no obligation to disclose any changes in the affairs of the City and other matters described in this Official Statement subsequent to the “end of the underwriting period” which shall end when the City delivers the Obligations to the Purchasers at closing, unless extended by the Purchasers. All information with respect to the resale of the Obligations subsequent to the “end of the underwriting period” is the responsibility of the Purchasers.

UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . . If, subsequent to the date of the Official Statement to and including the date the Purchasers are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the “end of the underwriting period”), the City learns or is notified by the Purchasers of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the City will promptly prepare and supply to the Purchasers a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Purchasers, unless the Purchasers elect to terminate their respective obligation to purchase the Obligations as described in the Notice of Sale under the heading “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Delivery.” The obligation of the City to update or change the Official Statement will terminate when the City delivers the Obligations to the Purchasers (the “end of the underwriting period” within the meaning of the Rule), unless the Purchasers provide written notice to the City that less than all of the Obligations have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Obligations have been sold to ultimate customers. In the event the Purchasers provide written notice to the City that less than all of the Obligations have been sold to ultimate customers, the Purchasers agree to notify the City in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

Mayor
City of Buda, Texas

ATTEST:

City Clerk
City of Buda, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

The City of Buda is a residential and commercial center located on Interstate Highway 35, seventeen miles south of downtown Austin in northeastern Hays County. The City's current population is estimated at 16,030.

ECONOMY . . . Founded in 1881 and incorporated as a city in 1948, Buda is one of the fastest growing cities in Texas. Local manufacturers produce cement, concrete, sand and fishing tackle. Along with the residential and commercial growth, the City has successfully promoted tourism in the area which has become a significant economic benefit to the community. Buda was named by Texas Governor Rick Perry as the "Outdoor Capital of Texas" and is home to one of fifteen Cabela's retail outdoor stores in the state. In April of each year, the City hosts Texas' largest Weiner Dog Races, which draws thousands of visitors to the City.

LABOR MARKET PROFILE

	Hays County	
	July 2024	July 2023
Total Civilian Labor Force	147,656	145,049
Total Employment	142,335	139,935
Total Unemployment	5,321	5,114
Percent Unemployed	3.6%	3.5%

	State of Texas	
	July 2024	July 2023
Total Civilian Labor Force	15,454,094	15,124,871
Total Employment	14,776,132	14,486,077
Total Unemployment	677,962	638,794
Percent Unemployed	4.4%	4.2%

Source: Texas Employment Commission, Austin, Texas

APPENDIX B

EXCERPTS FROM THE
CITY OF BUDA, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2023

The information contained in this APPENDIX consists of excerpts from the City of Buda, Texas Annual Financial Report for the Year Ended September 30, 2023, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

Independent Auditor's Report

The Honorable Mayor
and Members of the City Council of
City of Buda, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Buda, Texas (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Restatement

As discussed in Note 1 to the basic financial statements, the City restated the beginning net position of governmental activities, business-type activities, and water/wastewater fund to correct misstatements in its previously issued 2022 financial statements. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

Also discussed in Note 1 to the basic financial statements, during the year ended September 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

The Honorable Mayor
and Members of the City Council of the
City of Buda, Texas

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The Honorable Mayor
and Members of the City Council of the
City of Buda, Texas

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Statements and Budgetary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statements and Budgetary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements and Budgetary Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the Annual Comprehensive Financial Report ("ACFR"). The other information comprises the Introductory and Statistical Sections, as listed in the table of contents, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Honorable Mayor
and Members of the City Council of the
City of Buda, Texas

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
April 12, 2024

Management's Discussion and Analysis

As management of the City of Buda, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the accompanying basic financial statements (which immediately follow this discussion).

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$126,255,670 (net position). Of this amount, \$36,304,033 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position (government-wide) increased by \$13,789,762 from current activities. This is due to an increase in governmental activities of \$6,537,839 and an increase in business-type activities of \$7,251,923.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$62,080,744, an increase of \$241,829 in current operations.
- The City's total long-term liabilities decreased by \$5,561,544 during the fiscal year mainly due to principal payments on bonds and amortization of the premium on those bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, community services, engineering and development, public works, public safety, parks and recreation and interest and fees on debt. The business-type activities of the City include utility fund services. The City includes two discretely presented component units in its report -- Buda 4B Development Corporation and Dupre Local Government Corporation.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City are classified as governmental funds or proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements; it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and the capital projects fund, which are considered to be major funds.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. The City charges customers for the services it provides, whether to outside customers or to other departments within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, only in more detail. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses *enterprise* funds to account for its utility fund services. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Combining Component Unit Financial Statements. The City's two discretely presented component units shown in aggregate on the face of the government-wide financial statements have individual information presented in the form of combining statements immediately following the fund financial statements of the primary government.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements are noted in the table of contents of this report.

Required and Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees. The City also presents the budgetary comparison schedule in the section for required supplementary information.

Government-wide Financial Analysis

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Buda, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$126,255,670 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total Primary Government	
		(restated)		(restated)		(restated)
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 69,585,078	\$ 68,565,262	\$ 36,187,248	\$ 35,688,361	\$ 105,772,326	\$ 104,253,623
Capital assets	112,682,031	110,970,420	64,870,748	63,027,910	177,552,779	173,998,330
Total assets	182,267,109	179,535,682	101,057,996	98,716,271	283,325,105	278,251,953
Total deferred outflows of resources	1,956,979	1,147,609	537,915	424,756	2,494,894	1,572,365
Long-term liabilities outstanding	100,201,352	101,835,553	50,884,196	54,811,539	151,085,548	156,647,092
Other liabilities	6,464,793	7,247,345	1,762,693	2,508,442	8,227,486	9,755,787
Total liabilities	106,666,145	109,082,898	52,646,889	57,319,981	159,313,034	166,402,879
Total deferred inflows of resources	210,892	791,180	40,404	164,351	251,296	955,531
Net position:						
Net investment in capital assets	54,015,533	52,081,345	33,455,885	30,330,808	87,471,418	82,412,153
Restricted	2,480,218	2,091,014	-	-	2,480,218	2,091,014
Unrestricted	20,851,300	16,636,854	15,452,733	11,325,887	36,304,033	27,962,741
Total net position	\$ 77,347,051	\$ 70,809,213	\$ 48,908,618	\$ 41,656,695	\$ 126,255,669	\$ 112,465,908

The City's total assets of \$283,325,105 are largely comprised of capital assets, net of accumulated depreciation of \$177,552,779, or 63%. GASB Statement No. 34 requires that all capital assets, including infrastructure, be reported in the government-wide statements.

Long-term liabilities of \$151,085,548 comprise the largest portion of the City's total liabilities of \$159,313,033, at 95%. Of total long-term liabilities, \$6,032,489 is due within one year, with the remainder \$145,053,059 being due over a period of time greater than one year. A more in-depth discussion of long-term debt can be found in the notes to financial statements.

A significant portion of the City's net position (69.3%) reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (2.0%) represents resources that are subject to external restrictions on how they can be used.

The remaining balance of net position (28.7%) represents unrestricted financial resources available for future operations.

At the end of the current fiscal year, the City is able to report a positive balance in all three total categories of net position.

Analysis of the City's Operations. Revenue can be reported as program revenue or general revenue - all revenues are general unless they are required to be reported as program revenues. Program revenues (charges for services) include revenues attributable to a specific program because they result from exchange-like transactions or other events, such as charges to customers. Program revenues also include operating or capital grants and contributions related to a specific program.

The following table provides a summary of the City's operations for the year ended September 30, 2023.

City of Buda Change in Net Position. Governmental and business-type activities combined to increase the City's net position by \$13,789,762 from current operations. The elements giving rise to this change may be determined from the table below.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 3,027,606	\$ 3,707,679	\$ 14,418,437	\$ 13,545,970	\$ 17,446,043	\$ 17,253,649
Operating grants and contributions	3,770,962	958,361	-	-	3,770,962	958,361
Capital grants and contributions	3,678,506	1,601,889	3,102,642	-	6,781,148	1,601,889
General revenues:						
Taxes	20,748,125	18,255,166	-	-	20,748,125	18,255,166
Investment earnings	2,524,850	167,746	1,111,304	209,961	3,636,154	377,707
Miscellaneous	165,142	177,962	561,221	(732,778)	726,363	(554,816)
Total revenues	33,915,191	24,868,803	19,193,604	13,023,153	53,108,795	37,891,956
Expenses						
General government	5,085,445	6,658,449	-	-	5,085,445	6,658,449
Public works	8,197,554	4,190,380	-	-	8,197,554	4,190,380
Engineering and development	2,050,155	1,376,590	-	-	2,050,155	1,376,590
Parks and recreation	2,767,317	1,935,315	-	-	2,767,317	1,935,315
Community services	1,979,780	1,917,275	-	-	1,979,780	1,917,275
Public safety	4,056,546	3,208,493	-	-	4,056,546	3,208,493
Interest on long-term debt	3,231,984	2,787,033	-	-	3,231,984	2,787,033
Water/Wastewater	-	-	9,844,195	9,558,891	9,844,195	9,558,891
Sanitation	-	-	2,106,058	1,956,610	2,106,058	1,956,610
Total expenses	27,368,781	22,073,535	11,950,253	11,515,501	39,319,034	33,589,036
Increase (decrease) in net position before transfers	6,546,410	2,795,268	7,243,351	1,507,652	13,789,761	4,302,920
Transfers	(8,572)	612,913	8,572	(612,913)	-	-
Change in net position	6,537,838	3,408,181	7,251,923	894,739	13,789,761	4,302,920
Net position - beginning	59,204,634	55,796,453	36,413,158	35,518,419	95,617,792	91,314,872
Prior period adjustments	11,604,579	-	5,243,537	-	16,848,116	-
Net position - beginning, as restated	70,809,213	55,796,453	41,656,695	35,518,419	112,465,908	91,314,872
Net position - ending	\$ 77,347,051	\$ 59,204,634	\$ 48,908,618	\$ 36,413,158	\$ 126,255,669	\$ 95,617,792

Governmental Activities. The City's total revenues were \$33,915,419 from all governmental activities. A significant portion, \$20,748,125 or 61%, of the City's revenue comes from taxes. Charges for services revenue accounts for \$3,027,606, or 9%, of total revenue for governmental activities. Grants and contributions (operating and capital) revenue accounts for \$7,449,469 or 22% of total revenue for governmental activities.

The total cost of all governmental expenses of \$27,368,781 is an increase from prior year of \$5,295,246 primarily due to capital project costs related to street and park improvements.

Changes in net position decreased \$8,572 from transfers out to the business-type activities.

Business-type Activities. Business-type activities are financed in whole or part by fees charged to external users for goods or services (water, wastewater and sanitation) which are reported in the enterprise funds. Business-type activities increased the City's net position by \$7,243,351 before transfers. Charges for services totaling \$14,418,437 are utilized to provide funds for program expenses of \$11,950,253. Capital grants and contribution revenue accounts for \$3,102,642 or 16% of total revenue for business-type activities.

Financial Analysis of the City's Funds

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balances*, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds as presented in the balance sheet, reported *combined* ending fund balances of \$62,080,744, an increase of \$241,829 over prior year. The General Fund is the primary operating fund of the City. At the end of fiscal year 2023, unassigned fund balance of the General Fund was \$11,388,554. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 84% of total General Fund expenditures. The fund balance of the City's general fund increased by \$1,449,146 during the current year from current operations. The increase is a result of greater sales tax revenues and investment earnings during the year.

The debt service fund has a total fund balance of \$893,557 all of which is restricted for the payment of debt service. The fund balance of the debt service fund increased by \$21,315 from current operations.

The capital projects fund has a fund balance of \$43,502,363 at fiscal year-end. This is a decrease from prior year of \$780,923. The decrease is a result of greater expenditures related to the 2021 bond program capital projects.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements.

General Fund Budgetary Highlights

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. An annual appropriated budget is adopted for all governmental funds. The original budget is adopted by the City Council prior to the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the fund level. Expenditure requests, which would require an increase in the total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time during the fiscal year, the City Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The City Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

Over the course of the fiscal year, the City appropriately amended its general fund budget. The City received more revenue than anticipated, primarily from commercial site inspections and commercial plan review.

Similar variances between final budget and actual amounts were also related to these development fees.

Capital Assets and Long-term Liabilities

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023 amounts to \$177,552,779 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, equipment and furniture, and subscription right-to-use assets.

	Governmental Activities		Business-type Activities		Total Primary Government	
	(restated)		(restated)		(restated)	
	2023	2022	2023	2022	2023	2022
Land	\$ 12,065,934	\$ 10,536,965	\$ 510,157	\$ 401,359	\$ 12,576,091	\$ 10,938,324
Construction in progress	2,351,787	385,872	485,591	2,664,951	2,837,378	3,050,823
Buildings and improvements	37,853,331	39,586,800	203,845	64,099	38,057,176	39,650,899
Infrastructure	56,102,116	56,885,466	62,702,346	59,077,224	118,804,462	115,962,690
Equipment and furniture	4,066,233	3,575,317	936,537	820,277	5,002,770	4,395,594
Right-to-use asset - subscriptions	242,630	-	32,272	-	274,902	-
Total	<u>\$ 112,682,031</u>	<u>\$ 110,970,420</u>	<u>\$ 64,870,748</u>	<u>\$ 63,027,910</u>	<u>\$ 177,552,779</u>	<u>\$ 173,998,330</u>

Major capital asset projects during the year included the following:

- Land purchase to expand Garison Memorial Park
- Acceptance of public infrastructure related to the Carpenter Hill subdivision sections 4 and 5 including the acquisition of a lift station
- Water system improvements
- Vehicle and equipment purchases

Additional information regarding the City's capital assets can be found in Note 3.E. in the notes to financial statements as indicated in the table of contents.

Long-term Liabilities. At year-end, the City had the following long-term liabilities:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General obligation bonds, net	\$ 82,355,000	\$ 83,730,000	\$ 3,520,000	\$ 4,360,000	\$ 85,875,000	\$ 88,090,000
Certificates of obligation	9,055,000	9,900,000	44,060,001	45,740,000	53,115,001	55,640,000
Bond issuance premiums	5,179,482	6,381,977	1,820,350	3,131,220	6,999,832	9,513,197
Limited tax notes	-	-	795,000	1,175,000	795,000	1,175,000
Leases	14,323	70,456	10,736	52,806	25,059	123,262
Subscriptions	148,855	-	32,430	-	181,285	-
Compensated absences	542,357	447,497	81,820	81,297	624,177	528,794
Net pension liability	2,762,396	1,104,629	536,849	229,464	3,299,245	1,334,093
OPEB liability	143,938	200,994	27,010	41,752	170,948	242,746
Total	\$ 100,201,351	\$ 101,835,553	\$ 50,884,196	\$ 54,811,539	\$ 151,085,547	\$ 156,647,092

The City's general obligation bonds decreased \$2,215,000 during the current year and certificates of obligation decreased by \$2,254,999 during the current year. The decreases in both due to scheduled debt payments.

Additional information on the City's long-term liabilities can be found in Note 3.F. in the notes to financial statements as indicated in the table of contents.

Additional information on the City's net pension liability can be found in Note 4.A. in the notes to financial statements as indicated in the table of contents.

Additional information on the City's other postemployment benefits can be found in Note 4.B. in the notes to financial statements as indicated in the table of contents.

Discretely Presented Component Units

Buda 4B Development Corporation (EDC) and Dupre Local Government Corporation (LGC) are legally separate from the City and reported as discretely presented component units.

Individual statements for both EDC and LGC are included following the fund financial statements.

Economic Factors and Next Year's Budget and Rates

- The total tax rate will be \$.3379 per \$100 valuation in fiscal year 2023-2024 (\$.2497 for maintenance and operations and \$.0882 for interest and sinking).
- The unemployment rate for Hays County was 3.5% as of September 2023, an increase of 0.6% from last year's rate of 2.9%. The state unemployment rate, as recorded by the Bureau of Labor Statistics is 3.9%.
- The state sales tax receipts for the current fiscal year totaled \$8.4 billion, an increase of \$526.6 million or 7% from the previous year indicating a stable retail economy.

All of these factors were considered in preparing the City of Buda's budget for 2023-2024 fiscal year.

The City is estimating revenues of \$17,541,911 and appropriated expenditures of \$19,289,753 in the 2023-2024 fiscal year budget for the General Fund.

Request for Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of City of Buda, Texas' finances. If you have any questions about this report or need any additional financial information, please contact the Finance Department, City of Buda, Texas, 405 E. Loop Street, Bldg. 100, Buda, Texas 78610 or call 512-312-0084.



Basic Financial Statements



City of Buda, Texas
Statement of Net Position
September 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 10,695,208	\$ 32,901,493	\$ 43,596,701	\$ 12,155,177
Investments	53,855,657	-	53,855,657	-
Receivables (net):				
Property taxes	62,123	-	62,123	-
Sales, franchise, and other taxes	1,459,050	-	1,459,050	1,385,861
Customers	2,255	-	2,255	-
Other	2,143,501	3,285,755	5,429,256	336,258
Due from other governments	-	-	-	560,296
Prepaid items	7,898	-	7,898	2,705
Restricted cash and cash equivalents	1,359,386	-	1,359,386	627,329
Capital assets not being depreciated:				
Land and improvements	12,065,934	510,157	12,576,091	-
Construction in progress	2,351,787	485,591	2,837,378	-
Capital assets being depreciated:				
Infrastructure	89,955,781	82,050,274	172,006,055	-
Equipment and furniture	8,547,675	6,375,801	14,923,476	65,085
Buildings and improvements	54,029,320	304,694	54,334,014	-
Right-to-use asset - subscriptions	384,892	40,340	425,232	-
Accumulated depreciation and amortization	(54,653,358)	(24,896,109)	(79,549,467)	(33,847)
Total assets	182,267,109	101,057,996	283,325,105	15,098,864
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	157,916	157,916	-
Deferred outflows from pension activities	1,908,515	370,905	2,279,420	68,077
Deferred outflows from OPEB activities	48,464	9,094	57,558	-
Total deferred outflows of resources	1,956,979	537,915	2,494,894	68,077
LIABILITIES				
Accounts payable	2,114,030	953,897	3,067,927	1,754,631
Accrued expenditures	1,408,176	291,928	1,700,104	22,782
Accrued interest payable	465,227	212,683	677,910	11,177,030
Unearned revenue	2,477,360	-	2,477,360	1,042
Customer deposits	-	304,185	304,185	-
Due to Dupre Local Government Corporation	-	-	-	191,145
Noncurrent liabilities:				
Due within one year	2,866,878	3,165,611	6,032,489	4,293
Due in more than one year	94,428,140	47,154,726	141,582,866	30,283,174
Net pension liability	2,762,396	536,849	3,299,245	98,536
Total OPEB liability	143,938	27,010	170,948	-
Total liabilities	106,666,145	52,646,889	159,313,034	43,532,633
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows for pensions	124,043	24,107	148,150	4,425
Deferred inflows for OPEB	86,849	16,297	103,146	-
Total deferred inflows of resources	210,892	40,404	251,296	4,425
NET POSITION				
Net investment in capital assets	54,015,533	33,455,885	87,471,418	31,238
Restricted for:				
Debt service	471,875	-	471,875	627,329
Public safety	16,280	-	16,280	-
Community services	1,992,063	-	1,992,063	-
Unrestricted	20,851,300	15,452,733	36,304,033	(29,028,684)
TOTAL NET POSITION	\$ 77,347,051	\$ 48,908,618	\$ 126,255,669	\$ (28,370,117)

The Notes to Financial Statements are an integral part of this statement.

City of Buda, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 5,085,445	\$ 177,413	\$ 1,488,623	\$ -
Public works	8,197,554	19,548	-	3,678,506
Engineering and development	2,050,155	2,376,053	-	-
Parks and recreation	2,767,317	297,714	1,159,200	-
Community services	1,979,780	153,725	68,672	-
Public safety	4,056,546	3,153	1,054,467	-
Interest on long-term debt	3,231,984	-	-	-
Total governmental activities	27,368,781	3,027,606	3,770,962	3,678,506
Business-type activities:				
Water/Wastewater	9,844,195	11,922,998	-	3,102,642
Sanitation	2,106,058	2,495,439	-	-
Total business-type activities	11,950,253	14,418,437	-	3,102,642
TOTAL PRIMARY GOVERNMENT	\$ 39,319,034	\$ 17,446,043	\$ 3,770,962	\$ 6,781,148
COMPONENT UNITS				
Buda 4B Development Corporation	\$ 2,430,173	\$ -	\$ -	\$ -
Dupre Local Government Corporation	2,834,894	-	-	-
TOTAL COMPONENT UNITS	\$ 5,265,067	\$ -	\$ -	\$ -
General revenues:				
Property taxes				
Sales and use taxes				
Hotel occupancy taxes				
Franchise taxes				
Grants and contributions not restricted to a specific program				
Unrestricted investment earnings				
Miscellaneous revenue				
Net transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Prior period adjustment				
Net position - beginning, as restated				
NET POSITION - ENDING				

The Notes to Financial Statements are an integral part of this statement.

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,419,409)	\$ -	\$ (3,419,409)	\$ -
(4,499,500)	-	(4,499,500)	-
325,898	-	325,898	-
(1,310,403)	-	(1,310,403)	-
(1,757,383)	-	(1,757,383)	-
(2,998,926)	-	(2,998,926)	-
(3,231,984)	-	(3,231,984)	-
(16,891,707)	-	(16,891,707)	-
-	5,181,445	5,181,445	-
-	389,381	389,381	-
-	5,570,826	5,570,826	-
(16,891,707)	5,570,826	(11,320,881)	-
			(2,430,173)
			(2,834,894)
9,307,057	-	9,307,057	1,124,651
8,448,781	-	8,448,781	5,073,294
1,278,433	-	1,278,433	238,999
1,713,854	-	1,713,854	-
-	-	-	3,242
2,524,850	1,111,304	3,636,154	482,689
165,142	561,221	726,363	21,023
(8,572)	8,572	-	-
23,429,545	1,681,097	25,110,642	6,943,898
6,537,838	7,251,923	13,789,761	1,678,831
59,204,634	36,413,158	95,617,792	(30,048,948)
11,604,579	5,243,537	16,848,116	-
70,809,213	41,656,695	112,465,908	(30,048,948)
<u>\$ 77,347,051</u>	<u>\$ 48,908,618</u>	<u>\$ 126,255,669</u>	<u>\$ (28,370,117)</u>

City of Buda, Texas

Balance Sheet - Governmental Funds

September 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 3,633,962	\$ 7,061,246	\$ 10,695,208
Restricted cash:					
Debt service	-	1,359,386	-	-	1,359,386
Investments	24,136,227	-	29,719,430	-	53,855,657
Receivables (net):					
Property taxes	18,578	43,545	-	-	62,123
Sales, franchise, and other taxes	1,459,050	-	-	-	1,459,050
Customers	2,255	-	-	-	2,255
Other	601,949	-	1,300,000	241,552	2,143,501
Due from other funds	-	-	10,879,563	-	10,879,563
Prepaid items	7,898	-	-	-	7,898
TOTAL ASSETS	\$ 26,225,957	\$ 1,402,931	\$ 45,532,955	\$ 7,302,798	\$ 80,464,641
LIABILITIES					
Accounts payable	\$ 1,145,677	\$ 36,957	\$ 708,735	\$ 222,662	\$ 2,114,031
Accrued expenditures	945,268	428,872	21,857	12,179	1,408,176
Due to other funds	10,879,563	-	-	-	10,879,563
Unearned revenue	-	-	-	2,477,360	2,477,360
Total liabilities	12,970,508	465,829	730,592	2,712,201	16,879,130
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	18,578	43,545	-	-	62,123
Unavailable revenue - grants	-	-	1,300,000	142,644	1,442,644
Total deferred inflows of resources	18,578	43,545	1,300,000	142,644	1,504,767
FUND BALANCES					
Nonspendable:					
Prepaid items	7,898	-	-	-	7,898
Restricted:					
Debt service	-	893,557	-	-	893,557
Capital projects	-	-	43,502,363	-	43,502,363
Public safety	-	-	-	16,280	16,280
Community services	-	-	-	1,992,063	1,992,063
Committed:					
Development	-	-	-	2,582,254	2,582,254
Assigned	1,840,419	-	-	-	1,840,419
Unassigned	11,388,554	-	-	(142,644)	11,245,910
Total fund balances	13,236,871	893,557	43,502,363	4,447,953	62,080,744
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 26,225,957	\$ 1,402,931	\$ 45,532,955	\$ 7,302,798	\$ 80,464,641

City of Buda, Texas

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 62,080,744

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs	\$ 167,335,389	
Accumulated depreciation of governmental capital assets	(54,653,358)	112,682,031

Property taxes receivable, which will be collected subsequent to year-end, are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 62,123

Grant receivables, which will be collected subsequent to year-end, are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 1,442,644

Long-term liabilities, including certificates of obligation, general obligation bonds, compensated absences, OPEB, and net pension are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Liabilities at year end related to such items consist of:

Certificates of obligation and general obligation bonds	\$ (91,410,000)	
Leases	(14,323)	
Premium on debt issues	(5,179,482)	
Accrued interest on debt	(465,227)	
Compensated absences not already recorded at the fund level	(542,357)	
Subscription liability	(148,855)	
Net pension liability	(2,762,396)	
OPEB liability	(143,938)	(100,666,578)

Deferred outflows of resources for pension represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then. 1,908,515

Deferred inflows of resources for pension represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (124,043)

Deferred outflows of resources for OPEB represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then. 48,464

Deferred inflows of resources for OPEB represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (86,849)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 77,347,051

City of Buda, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property taxes	\$ 2,514,999	\$ 6,772,941	\$ -	\$ -	\$ 9,287,940
Sales and use taxes	8,448,781	-	-	-	8,448,781
Hotel occupancy taxes	-	-	-	1,278,433	1,278,433
Franchise taxes	1,540,447	-	-	-	1,540,447
Mixed beverage tax	173,407	-	-	-	173,407
Fines and forfeitures	130,375	-	-	55	130,430
Licenses and permits	1,849,529	-	-	-	1,849,529
Fees and charges for services	864,413	-	-	1,239,934	2,104,347
Grants and contributions	83,495	-	-	2,220,223	2,303,718
Investment earnings	1,187,179	-	1,243,882	93,789	2,524,850
Miscellaneous	126,531	-	566	38,045	165,142
	<u>16,919,156</u>	<u>6,772,941</u>	<u>1,244,448</u>	<u>4,870,479</u>	<u>29,807,024</u>
EXPENDITURES					
Current:					
General government	4,680,204	-	-	214,017	4,894,221
Community services	882,885	-	-	1,030,183	1,913,068
Parks and recreation	1,701,478	-	-	60,214	1,761,692
Engineering and development	2,000,514	-	-	761	2,001,275
Public works	2,142,804	-	-	134,944	2,277,748
Public safety	4,128,995	-	-	51,996	4,180,991
Debt service:					
Principal	261,814	2,220,000	-	-	2,481,814
Interest and other charges	1,633	4,531,626	-	-	4,533,259
Capital outlay	-	-	5,832,251	34,840	5,867,091
	<u>15,800,327</u>	<u>6,751,626</u>	<u>5,832,251</u>	<u>1,526,955</u>	<u>29,911,159</u>
Excess (deficiency) of revenues over (under) expenditures	1,118,829	21,315	(4,587,803)	3,343,524	(104,135)
OTHER FINANCING SOURCES (USES)					
Subscriptions	354,536	-	-	-	354,536
Transfers in	841,079	-	3,860,634	-	4,701,713
Transfers out	(865,298)	-	(53,754)	(3,791,233)	(4,710,285)
	<u>330,317</u>	<u>-</u>	<u>3,806,880</u>	<u>(3,791,233)</u>	<u>345,964</u>
Net change in fund balances	1,449,146	21,315	(780,923)	(447,709)	241,829
Fund balances, beginning	<u>11,787,725</u>	<u>872,242</u>	<u>44,283,286</u>	<u>4,895,662</u>	<u>61,838,915</u>
FUND BALANCES, ENDING	<u>\$ 13,236,871</u>	<u>\$ 893,557</u>	<u>\$ 43,502,363</u>	<u>\$ 4,447,953</u>	<u>\$ 62,080,744</u>

The Notes to Financial Statements are an integral part of this statement.

City of Buda, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended September 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 241,829
Some property taxes will not be collected for several months after the City's fiscal year end and are not considered "available" revenues and, therefore, are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year.		19,117
Some grant revenue will not be collected for several months after the City's fiscal year end and are not considered "available" revenues and, therefore, are deferred in the governmental funds. Deferred grant revenues increased (decreased) by this amount this year.		1,442,644
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 5,070,077	
Subscription outlay	384,892	
Depreciation expense	<u>(6,353,993)</u>	(899,024)
The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position.		(35,773)
Capital assets contributed or donated to the City are not recognized in governmental funds since they do not provide current financial resources, but are recognized in the statement of activities as program revenues.		2,646,406
Issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
Issuance of subscriptions payable		(354,536)
Repayment of certificates of obligation and general obligation bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.		2,220,000
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		56,133
Repayment of subscription liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		205,681
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The (increase) decrease in interest expense reported in the statement of activities consist of the following:		
Accrued interest on bonds payable decreased (increased)	\$ 98,780	
Amortization of bond premium	<u>1,202,495</u>	1,301,275
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated absences liability, not already recorded at the fund level decreased (increased)		(94,861)
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	\$ 811,460	
Deferred inflows (increased) decreased	650,581	
Net pension liability (increased) decreased	<u>(1,657,767)</u>	(195,726)
The net change in OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	\$ (2,090)	
Deferred inflows (increased) decreased	(70,293)	
OPEB liability (increased) decreased	<u>57,056</u>	(15,327)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 6,537,838</u>

The Notes to Financial Statements are an integral part of this statement.

City of Buda, Texas
Statement of Net Position
Proprietary Funds
September 30, 2023

	Business-type Activities - Enterprise Funds		
	Water/ Wastewater	Sanitation	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 32,218,948	\$ 682,545	\$ 32,901,493
Receivables, net of allowance for uncollectibles	2,786,681	499,074	3,285,755
Total current assets	35,005,629	1,181,619	36,187,248
Noncurrent assets:			
Capital assets:			
Land and improvements	510,157	-	510,157
Construction in progress	485,591	-	485,591
Infrastructure	82,050,274	-	82,050,274
Equipment and furniture	6,375,801	-	6,375,801
Buildings and improvements	304,694	-	304,694
Right-to-use asset - subscriptions	40,340	-	40,340
Accumulated depreciation	(24,896,109)	-	(24,896,109)
Total noncurrent assets	64,870,748	-	64,870,748
Total assets	99,876,377	1,181,619	101,057,996
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	157,916	-	157,916
Deferred outflows from pension activities	370,905	-	370,905
Deferred outflows from OPEB activities	9,094	-	9,094
Total deferred outflows of resources	537,915	-	537,915
LIABILITIES			
Current liabilities:			
Accounts payable	578,684	375,213	953,897
Accrued expenditures	291,928	-	291,928
Accrued interest payable	212,683	-	212,683
Customer deposits	304,185	-	304,185
Total current liabilities	1,387,480	375,213	1,762,693
Noncurrent liabilities:			
Due within one year	3,165,611	-	3,165,611
Due in more than one year	47,154,726	-	47,154,726
Net pension liability	536,849	-	536,849
OPEB Liability	27,010	-	27,010
Total noncurrent liabilities	50,884,196	-	50,884,196
Total liabilities	52,271,676	375,213	52,646,889
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows for pensions	24,107	-	24,107
Deferred inflows for OPEB	16,297	-	16,297
Total deferred inflows of resources	40,404	-	40,404
NET POSITION			
Net investment in capital assets	33,455,885	-	33,455,885
Restricted	-	-	-
Unrestricted	14,646,327	806,406	15,452,733
TOTAL NET POSITION	\$ 48,102,212	\$ 806,406	\$ 48,908,618

The Notes to Financial Statements are an integral part of this statement.

City of Buda, Texas

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Fiscal Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds		
	Water/ Wastewater	Sanitation	Totals
OPERATING REVENUES			
Charges for services	\$ 11,922,998	\$ 2,495,439	\$ 14,418,437
Impact fees	609,458	-	609,458
Total operating revenues	12,532,456	2,495,439	15,027,895
OPERATING EXPENSES			
Personnel services	2,034,574	-	2,034,574
Supplies and materials	201,836	16,529	218,365
Water and wastewater contracts	2,655,086	-	2,655,086
Other contracted services	1,215,338	2,069,998	3,285,336
Other operating costs	776,358	19,531	795,889
Depreciation	2,399,576	-	2,399,576
Total operating expenses	9,282,768	2,106,058	11,388,826
Operating income	3,249,688	389,381	3,639,069
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	1,111,304	-	1,111,304
Miscellaneous expense	(48,237)	-	(48,237)
Interest expense	(561,427)	-	(561,427)
Total nonoperating revenues (expenses)	501,640	-	501,640
Income before contributions and transfers	3,751,328	389,381	4,140,709
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	3,102,642	-	3,102,642
Transfers in	709,862	-	709,862
Transfers out	(543,380)	(157,910)	(701,290)
Total contributions and transfers	3,269,124	(157,910)	3,111,214
Change in net position	7,020,452	231,471	7,251,923
Net position - beginning	35,838,223	574,935	36,413,158
Prior period adjustment	5,243,537	-	5,243,537
Net position - beginning, as restated	41,081,760	574,935	41,656,695
NET POSITION - ENDING	\$ 48,102,212	\$ 806,406	\$ 48,908,618

The Notes to Financial Statements are an integral part of this statement.

City of Buda, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds		
	Water/ Wastewater	Sanitation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for account services	\$ 12,129,404	\$ 2,501,989	\$ 14,631,393
Cash payments for operating expenses	(5,786,671)	(1,910,345)	(7,697,016)
Cash payments to employees for services	(1,978,385)	-	(1,978,385)
Net cash provided by operating activities	4,364,348	591,644	4,955,992
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers, net	166,482	(157,910)	8,572
Net cash provided by (used for) noncapital financing activities	166,482	(157,910)	8,572
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(1,099,432)	-	(1,099,432)
Principal paid on debt obligations	(2,949,454)	-	(2,949,454)
Interest and fees paid on capital debt	(1,904,040)	-	(1,904,040)
Net cash used for capital and related financing activities	(5,952,926)	-	(5,952,926)
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on investments	1,111,304	-	1,111,304
Net cash provided by investing activities	1,111,304	-	1,111,304
Net increase (decrease) in cash and cash equivalents	(310,792)	433,734	122,942
Cash and cash equivalents, beginning of year, including restricted cash	32,529,740	248,811	32,778,551
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 32,218,948	\$ 682,545	\$ 32,901,493
UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ 32,218,948	\$ 682,545	\$ 32,901,493
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 3,249,688	\$ 389,381	\$ 3,639,069
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation and amortization	2,399,576	-	2,399,576
Other income	(48,237)	-	(48,237)
(Increase) decrease in receivables	(382,495)	6,550	(375,945)
(Increase) decrease in pension and OPEB activities	55,537	-	55,537
Increase (decrease) in accounts payable	(938,053)	195,713	(742,340)
Increase (decrease) in accrued liabilities	652	-	652
Increase (decrease) in customer meter deposits	27,680	-	27,680
Total adjustments	1,114,660	202,263	1,316,923
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 4,364,348	\$ 591,644	\$ 4,955,992
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	\$ 3,102,642	\$ -	\$ 3,102,642

The Notes to Financial Statements are an integral part of this statement.

City of Buda, Texas

Statement of Net Position

Discretely Presented Component Units

September 30, 2023

	4B Development Corporation	Dupre Local Government Corporation	Total Component Units
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,155,177	\$ -	\$ 12,155,177
Receivables (net):			
Sales, franchise, and other taxes	741,740	644,121	1,385,861
Other	-	336,258	336,258
Due from other governments	-	560,296	560,296
Prepaid items	2,705	-	2,705
Restricted cash and cash equivalents	-	627,329	627,329
Total current assets	12,899,622	2,168,004	15,067,626
Noncurrent assets:			
Capital assets being depreciated			
Equipment and furniture	65,085	-	65,085
Accumulated depreciation	(33,847)	-	(33,847)
Total noncurrent assets	31,238	-	31,238
Total assets	12,930,860	2,168,004	15,098,864
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension activities	68,077	-	68,077
LIABILITIES			
Current liabilities:			
Accounts payable	285,852	1,468,779	1,754,631
Accrued expenditures	22,782	-	22,782
Accrued interest payable	-	11,177,030	11,177,030
Due to Dupre Local Government Corporation	191,145	-	191,145
Unearned revenue	1,042	-	1,042
Total current liabilities	500,821	12,645,809	13,146,630
Noncurrent liabilities:			
Due within one year	4,293	-	4,293
Due in more than one year	8,174	30,275,000	30,283,174
Net pension liability	98,536	-	98,536
Total noncurrent liabilities	111,003	30,275,000	30,386,003
Total liabilities	611,824	42,920,809	43,532,633
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows for pensions	4,425	-	4,425
NET POSITION			
Investment in capital assets	31,238	-	31,238
Restricted net position	-	627,329	627,329
Unrestricted (deficit)	12,351,450	(41,380,134)	(29,028,684)
TOTAL NET POSITION	\$ 12,382,688	\$ (40,752,805)	\$ (28,370,117)

The Notes to Financial Statements are an integral part of this statement.

City of Buda, Texas
Statement of Activities
Discretely Presented Component Units
For the Fiscal Year Ended September 30, 2023

	4B Development Corporation	Dupre Local Government Corporation	Total Component Units
REVENUES			
Taxes:			
Property taxes	\$ -	\$ 1,124,651	\$ 1,124,651
Sales and use taxes	4,299,210	774,084	5,073,294
Hotel occupancy taxes	-	238,999	238,999
Grants and contributions	3,242	-	3,242
Investment earnings	475,130	7,559	482,689
Miscellaneous	21,023	-	21,023
	<hr/>	<hr/>	<hr/>
Total revenues	4,798,605	2,145,293	6,943,898
EXPENSES			
Economic development	2,430,173	-	2,430,173
Interest on long-term debt	-	2,413,083	2,413,083
Cabela's Inc. payments	-	421,811	421,811
	<hr/>	<hr/>	<hr/>
Total expenses	2,430,173	2,834,894	5,265,067
	<hr/>	<hr/>	<hr/>
Change in net position	2,368,432	(689,601)	1,678,831
Net position - beginning	10,014,256	(40,063,204)	(30,048,948)
	<hr/>	<hr/>	<hr/>
NET POSITION - ENDING	\$ 12,382,688	\$ (40,752,805)	\$ (28,370,117)

City of Buda, Texas

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Buda, Texas (City) is a political subdivision governed by an elected mayor and six-member governing council (Council). The accompanying financial statements present the City and its component units, for which the City is considered to be financially accountable. The discretely presented component units are reported in total in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

Discretely Presented Component Unit – Buda 4B Development Corporation

Buda 4B Development Corporation ("EDC") is a nonprofit corporation organized under the laws of the state of Texas to provide economic development in and for the benefit of the City. The City appoints the board of directors and approves the annual budget. EDC's financial statements are presented discretely alongside the financial statements of the City.

Discretely Presented Component Unit – Dupre Local Government Corporation

Dupre Local Government Corporation ("LGC") was formed in May 2004. It is a nonprofit corporation organized under the laws of the state of Texas for the benefit of the City. LGC received sales taxes and property taxes according to the agreement for the Tax Increment Reinvestment Zone -1 ("TIRZ-1") among the City, Hays County, and Cabela's, Inc. ("Cabela's"). The City appoints the board of directors and approves the annual budget. LGC's financial statements are presented discretely alongside the financial statements of the City.

Separately issued audited financial statements are not issued for the discretely presented component units.

The City is an independent political subdivision of the State of Texas governed by an elected city council and a mayor and is considered a primary government. As required by U.S. generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of component units, which are other entities or organizations that are financially accountable to the City. Blended component units, although legally separate entities, are, in substance, part of the governments' operations, and as a result, data from these units are combined with data of the primary government. The City had no such blended component units. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize that they are legally separate from the primary government. Based on these considerations, the City's financial statements include the following discretely presented component units: The Buda 4B Development Corporation and the Dupre Local Government Corporation. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

City of Buda, Texas

Notes to the Financial Statements

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units discussed above are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

C. Basis of Presentation – Government-wide Financial Statements

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the City has two discretely presented component units which are shown in aggregate in a separate column in the government-wide financial statements, as well as presented in the form of combining statements immediately following the fund financial statements of the primary government.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Direct expenses are not eliminated from the various functional categories. Interfund services that are provided and used are not eliminated in the process of consolidation.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and the enterprise funds, each displayed in a separate column.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The government reports the following major enterprise funds:

The *water/wastewater fund* accounts for operations of water and wastewater activities and the construction of related facilities.

The *sanitation fund* accounts for the activities of the City's sanitation service operations.

City of Buda, Texas

Notes to the Financial Statements

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated in the process of consolidation.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases and subscriptions are reported as other financing sources.

Receivables for sales taxes, franchise and similar taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Property taxes are recognized as revenues in the year for which they are levied and related receivables are recorded as deferred inflows of resources at year-end.

City of Buda, Texas

Notes to the Financial Statements

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in privately managed public funds investment pools and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows –proprietary funds, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

2. Investments

Investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity greater than three months but less than one year at the time of purchase. Non-current investments have an original maturity of greater than one year at the time of purchase.

The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation of inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

3. Interfund Activity

Interfund Activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as single "transfers" line on the government-wide statement of activities. Similarly, if applicable, interfund receivables and payables between governmental activities and business-type activities are netted and presented as a single "internal balance" line on the government-wide statement of net position.

4. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

As the City constructs or acquires additional capital assets each period, including infrastructure, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value at the date of donation.

City of Buda, Texas

Notes to the Financial Statements

Land and construction in progress are not depreciated. The buildings and improvements, improvements other than buildings, machinery and equipment, infrastructure, and utility systems of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives in yrs</u>
Primary Government:	
Infrastructure	10-40
Equipment and furniture	2-15
Building and improvements	20-40

5. Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-of-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

6. Long-term Obligations

The government-wide financial statements and proprietary fund type fund financial statements report long-term debt and other long-term obligations as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premiums or discounts.

The fund financial statements report bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources at par. Premiums (discounts) associated with the debt are reported as other financing uses.

City of Buda, Texas

Notes to the Financial Statements

7. Compensated Absences

On the retirement or death of certain employees, the City pays accrued compensatory time. Vacation leave is paid up to 200 hours in a lump-sum payment to such employee or his/her estate.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's net pension liability is obtained from TMRS through reports prepared for the City by the TMRS consulting actuary, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

9. Other Postemployment Benefits

The City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements.

Information regarding the City's total OPEB liability is obtained from TMRS through reports prepared for the City by the TMRS consulting actuary, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

10. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plans, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- City contributions to the pension and OPEB plans after the measurement date are recognized in the subsequent year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.
- Grant revenue is recognized in the period the amount becomes available.

11. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose for which both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources are available. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

City of Buda, Texas

Notes to the Financial Statements

12. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose for which both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance) are available. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council (Council) is the highest level of decision-making authority for the City that can, by Council action or adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by Council action or the ordinance remains in place until a similar action is taken (Council action or the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Council has by policy authorized the City Manager to assign fund balance. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property values are determined by the County Appraisal District as of July 25 of each year. Prior to October 1 of each year, the City sets its tax rate thus creating the tax levy. The taxes are levied and payable October 1 on property values assessed as of January 1. Taxes may be paid without penalty before February 1 of the following year and create a tax lien as of July 1 of each year. The tax assessor/collector for Hays County bills and collects the property taxes for the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Allowances for uncollectable tax receivables with the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

City of Buda, Texas

Notes to the Financial Statements

In 2004, a Development Agreement was entered into among LGC, the City, Hays County, EDC, and Cabela's related to the construction of a Cabela's retail facility in Buda, Texas. The agreement resulted in the creation of a TIRZ-1, which committed the City and Hays County to remit 100% of property taxes collected within the TIRZ-1 area, as defined by the agreement, to LGC.

3. Sales Taxes

Revenue from a 1.5% sales tax with the City is considered available when received by the Comptroller of Public Accounts and is accrued on a monthly basis based on information provided by the Comptroller of Public Accounts. The City receives allocations on a monthly basis. The Comptroller for the State of Texas collects and distributes these amounts to the appropriate governmental organization with funding normally occurring within 60 days from the date of the underlying sale. The amount reported is net of a 2% collection and distribution service fee withheld by the state of Texas.

The sales tax collection is allocated to the General Fund and to EDC, the City's component unit. Under a Definitive Agreement executed by Hays County, the City, EDC, and LGC, the sales tax must be allocated by the City, EDC and Hays County to LGC.

From the total imposed rate of 1.5% sales tax within the City, the City allocates 0.5% of the revenue to EDC after consideration (removal) of the Buda Annexation portion. The TIRZ-1 portion of the sales tax is also allocated as 0.5% to EDC and 1% to the City. Of the 0.5% given to EDC, the agreement states that 85% is to be transferred to LGC and 15% remains in EDC.

Of the 1% earned by the City, 56% is allocated to LGC and 44% remains in the City. Due to overlapping rates within the City's annexed portion (Park 35 Annex), the sales tax rate is 1% of the allowable sales tax available to the City when it entered the Annex. Therefore, the City and EDC split the earned sales tax within the annexed area.

Under the Definitive Agreement, Hays County is required to remit 1/3 of the earned sales tax within TIRZ-1.

4. Revenues and Expenditures/Expenses

In the fund financial statements revenues for governmental funds are recorded when they are determined to be both measureable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses in the Government-wide Statement of Activities are recognized in essentially the same manner as used in commercial accounting.

5. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water/wastewater fund and sanitation fund are charges to customers for sales and services. Operating expenses for the proprietary funds include the operating cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Buda, Texas

Notes to the Financial Statements

H. Use of Estimates

The presentation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Deficit Equity

The Dupre Local Government Corporation had a deficit net position of \$40.8 million as of September 30, 2023. The deficit results from the component unit issuing debt and constructing or purchasing capital assets which are then conveyed to the primary government.

J. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

K. Prior Period Restatement

Adjustments were made to provide for the proper recognition of infrastructure contributions from developers and related depreciation in the government-wide statements. Developer contributions between the years 2010 and 2022 totaled \$28,391,741. Depreciation related to those contributions for the same time period totaled \$11,543,625. The allocation between governmental and business-type activities was as follows:

	Governmental Activities	Business-type Activities	Water/ Wastewater
Beginning net position, as previously reported	\$ 59,204,634	\$ 36,413,158	\$ 35,838,223
Developer infrastructure contributions	19,638,378	8,753,363	8,753,363
Depreciation on developer infrastructure contributions	(8,033,799)	(3,509,826)	(3,509,826)
Beginning net position, restated	\$ 70,809,213	\$ 41,656,695	\$ 41,081,760

The City did not receive any infrastructure contributions during fiscal year 2022. Therefore, the effect of this restatement on the City's previously reported change in net position for fiscal year 2022 is a net decrease of change in net position of approximately \$996,000 for Governmental Activities, \$444,000 for Business-type Activities and \$444,000 for Water/Wastewater Fund for the recognition of depreciation expense. The majority of the developer infrastructure contributions occurred during fiscal years 2011 through 2017, with another large contribution in fiscal year 2020.

City of Buda, Texas

Notes to the Financial Statements

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

The original budget is adopted by the City Council prior to the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the fund level. Expenditure requests, which would require an increase in the total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time during the fiscal year, the City Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The City Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget. Activities of the general, debt service, water, wastewater, sanitation, capital project funds, and special revenue funds such as hotel/motel tax are included in the City's annual appropriated budget. Capital project funds are budgeted for project length.

Note 3. Detailed Notes on All Funds

A. Cash and Investments

Primary Government

At September 30, 2023, the carrying amount of the City's deposits included cash and interest-bearing accounts totaled approximately \$12.7 million. The City's cash deposits as of and for the year ended September 30, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the agent bank in the City's name.

As of September 30, 2023, the City had deposits of \$16.5 million with TexStAR and \$15.8 million with Texas CLASS, local government investment pools.

The City had investments in U.S. Treasury notes, commercial paper, and federal agency coupon securities of \$53.8 million at September 30, 2023. These investments are classified as level 2 of the fair value hierarchy valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These investments had a Standard & Poors ratings of either AA+, A-1, or A-1+ and a WAM of 415 days.

Component Unit – Buda 4B Development Corporation

At September 30, 2023, the carrying amount of EDC's deposits (cash and interest-bearing savings accounts included in temporary investments) totaled \$1.5 million. EDC does not qualify for collateralization protection under the controlling statutes of the FDIC, therefore EDC's deposits are only insured up to \$250 thousand. EDC has not experienced any losses in such accounts.

At September 30, 2023, EDC had deposits of \$10.7 million in TexPool, a local government investment pool.

Component Unit – Dupre Local Government Corporation

At September 30, 2023, the carrying amount of LGC's deposits (cash and interest-bearing savings accounts included in temporary investment) totaled \$627 thousand. LGC's cash deposits as of and for the year ended September 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the agent bank in LGC's name.

City of Buda, Texas

Notes to the Financial Statements

Local Government Investment Pools

At September 30, 2023, the City had deposits of \$16.5 million with TexSTAR and \$15.8 million with Texas CLASS, and EDC had deposits of \$10.7 million with TexPool. The investment pool's investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

Texas Short Term Asset Reserve Program (TexSTAR) is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody and investment management.

The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, and yield. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of \$1.00 per share. TexSTAR may invest in securities including: obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; other obligations which are unconditionally guaranteed or insured by the U.S.; fully collateralized repurchase agreements with a defined termination date and unconditionally guaranteed or insured by the U.S. or its agencies and instrumentalities; and SEC-registered no-load money-market fund which meet the requirements of the Public Funds Investment Act. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity. TexSTAR is current rated AAAM by Standard & Poors. Measurement is at amortized cost, which approximates fair value.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper. Texas CLASS is currently rated at AAAM by Standard and Poors.

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Hermes, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

City of Buda, Texas

Notes to the Financial Statements

The investment pool transacts at a net asset value of \$1.00 per share, has a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity. TexPool is currently rated at AAAM by Standard and Poors. Measurement is at amortized cost, which approximates fair value.

Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable state maturity of any individual investment owned by the entity.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the United States Treasury, certain United States agencies, and the state of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts; and (10) common trust funds. City cash is required to be deposited in Federal Deposit Insurance Corporation (FDIC) insured banks. A pooled cash strategy is utilized which enables the City to have one central depository.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The City monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the City reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to interest-bearing accounts and certificates of deposit with bank depository.

Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City's investment policy does not limit an investment in any one issuer.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At September 30, 2023, the City's deposits were held at various depository banks. Deposit balances held at the depository banks were insured and collateralized with securities held by the City's or the bank's agent in the City's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City is not exposed to custodial risk as the cash equivalents and certificates of deposit at bank depository are insured or registered in the City's name or the investments are held by the City or its agent.

City of Buda, Texas

Notes to the Financial Statements

B. Restricted Cash and Cash Equivalents

The restricted assets consist of cash and cash equivalents and are limited for the following purposes as of September 30, 2023:

	Governmental Activities	Dupre Local Government Corporation	Total
Debt service	\$ 1,359,386	624,685	\$ 1,984,071
Grant revenue fund	-	522	522
Contract funds	-	2,122	2,122
Total restricted assets	\$ 1,359,386	\$ 627,329	\$ 1,986,715

C. Receivables

Tax revenues of the general and debt service fund are reported net of the change in estimated uncollectible amounts. Revenues of the enterprise funds are reported net of the change in estimated uncollectible amounts.

Total change in uncollectible amounts related to property tax, utility and other revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	\$ (1,014)
Change in uncollectibles related to debt service fund property taxes	(1,989)
Change in uncollectibles related to sanitation business type activity	(16,550)
Change in uncollectibles related to water & wastewater business type activity	<u>(82,437)</u>
Total change in uncollectibles of the current fiscal year increased (decreased) revenues	<u>\$ (101,990)</u>

Allowances for uncollectibles at September 30, 2023 for the City's individual major governmental and proprietary funds are as follows:

	General	Debt Service	Business-type Activities	Total
Property taxes	\$ (6,025)	\$ (12,315)	\$ -	\$ (18,340)
Sanitation	-	-	(93,228)	(93,228)
Water/Wastewater	-	-	(455,825)	(455,825)

Approximately 68% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

City of Buda, Texas

Notes to the Financial Statements

D. Interfund Activity

Receivables/Payables

The composition of interfund balances as of September 30, 2023 is as follows:

	Interfund Receivables	Interfund Payables
General	\$ -	\$ 10,879,563
Capital projects	10,879,563	-
Totals	\$ 10,879,563	\$ 10,879,563

The receivable balance in the Capital Projects Fund is the result of temporary lending to the General Fund to cover its negative cash balance.

Transfers To and From Other Funds

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” Transfers are funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the City’s transfers for the year ended September 30, 2023.

Transfers in	Transfer out General	Transfer out Capital Projects	Transfer out Nonmajor Governmental	Transfer out Water/ Wastewater	Transfer out Sanitation	Total
General	\$ -	\$ 53,754	\$ 86,035	\$ 543,380	\$ 157,910	\$ 841,079
Capital Projects	865,298	-	2,995,336	-	-	3,860,634
Water/Wastewater	-	-	709,862	-	-	709,862
Totals	\$ 865,298	\$ 53,754	\$ 3,791,233	\$ 543,380	\$ 157,910	\$ 5,411,575

Transfers from the General Fund to the Capital Projects Fund were utilized for capital improvement projects. Transfers from the Nonmajor Governmental Funds to other funds were to cover costs funded by Hotel Occupancy Taxes or grants. Transfers from the Water/Wastewater and Sanitation Funds to the General Fund were administrative transfers per the adopted budget.

City of Buda, Texas

Notes to the Financial Statements

E. Capital Assets

Primary Government

Capital asset activity for the year ended September 30, 2023 is as follows:

	Beginning Balance (Restated)	Increases	Decreases	Adjustments and Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 10,536,965	\$ 1,528,969	\$ -	\$ -	\$ 12,065,934
Construction in progress	385,872	2,066,805	-	(100,890)	2,351,787
Total capital assets, not being depreciated	10,922,837	3,595,774	-	(100,890)	14,417,721
Depreciable assets:					
Infrastructure	87,365,441	2,899,717	(344,085)	34,708	89,955,781
Equipment and furniture	11,727,955	1,109,269	(4,435,954)	146,405	8,547,675
Buildings and improvements	55,540,755	111,724	(1,689,341)	66,182	54,029,320
Right-to-use asset - subscriptions	-	384,892	-	-	384,892
Total depreciable assets	154,634,151	4,505,602	(6,469,380)	247,295	152,917,668
Less accumulated depreciation for:					
Infrastructure	(30,479,975)	(3,710,623)	336,933	-	(33,853,665)
Equipment and furniture	(8,152,638)	(595,353)	4,395,136	(128,587)	(4,481,442)
Buildings and improvements	(15,953,955)	(1,905,755)	1,683,721	-	(16,175,989)
Right-to-use asset - subscriptions	-	(142,262)	-	-	(142,262)
Total accumulated depreciation	(54,586,568)	(6,353,993)	6,415,790	(128,587)	(54,653,358)
Total depreciable assets, net	100,047,583	(1,848,391)	(53,590)	118,708	98,264,310
Governmental activities capital assets, net	\$ 110,970,420	\$ 1,747,383	\$ (53,590)	\$ 17,818	\$ 112,682,031

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 480,397
Public works	4,604,966
Engineering and development	14,964
Parks and recreation	964,010
Community services	2,688
Public safety	286,968
Total governmental activities	\$ 6,353,993

City of Buda, Texas
Notes to the Financial Statements

	Beginning Balance (Restated)	Increases	Decreases	Adjustments and Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 401,359	\$ 108,798	\$ -	\$ -	\$ 510,157
Construction in progress	2,664,951	252,481	(92,385)	(2,339,456)	485,591
Total capital assets, not being depreciated	3,066,310	361,279	(92,385)	(2,339,456)	995,748
Depreciable assets:					
Infrastructure	76,288,915	3,586,448	-	2,174,911	82,050,274
Equipment and furniture	6,422,921	364,541	(265,260)	(146,401)	6,375,801
Buildings and improvements	140,145	-	-	164,549	304,694
Right-to-use asset - subscriptions	-	40,340	-	-	40,340
Total depreciable assets	82,851,981	3,991,329	(265,260)	2,193,059	88,771,109
Less accumulated depreciation for:					
Infrastructure	(17,210,321)	(2,137,607)	-	-	(19,347,928)
Equipment and furniture	(5,602,643)	(230,469)	265,260	128,588	(5,439,264)
Buildings and improvements	(77,417)	(23,432)	-	-	(100,849)
Right-to-use asset - subscriptions	-	(8,068)	-	-	(8,068)
Total accumulated depreciation	(22,890,381)	(2,399,576)	265,260	128,588	(24,896,109)
Total depreciable assets, net	59,961,600	1,591,753	-	2,321,647	63,875,000
Business-type activities capital assets, net	\$ 63,027,910	\$ 1,953,032	\$ (92,385)	\$ (17,809)	\$ 64,870,748

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-type activities:	
Water/wastewater	\$ 2,399,576
Total business-type activities	\$ 2,399,576

City of Buda, Texas

Notes to the Financial Statements

Construction Commitments

The City has active construction projects as of September 30, 2023. At year end, the commitments with contractors are as follows:

<u>City Project</u>	<u>Remaining Commitment</u>
FM 2001 Shared Use Path	\$ 72,100
M46 Bella Vita Sidewalk to West Goforth	<u>87,050</u>
Totals	<u>\$ 159,150</u>

Component Unit – Buda 4B Development Corporation

Activity for this component unit for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments and Transfers</u>	<u>Ending Balance</u>
Component unit:					
Depreciable assets:					
Equipment and furniture	\$ 48,425	\$ 16,660	\$ -	\$ -	\$ 65,085
Total depreciable assets	48,425	16,660	-	-	65,085
Less accumulated depreciation for:					
Equipment and furniture	<u>(25,885)</u>	<u>(7,962)</u>	-	-	<u>(33,847)</u>
Total accumulated depreciation	<u>(25,885)</u>	<u>(7,962)</u>	-	-	<u>(33,847)</u>
Total depreciable assets, net	<u>22,540</u>	<u>8,698</u>	-	-	<u>31,238</u>
Component unit capital assets, net	<u>\$ 22,540</u>	<u>\$ 8,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,238</u>

F. Long-term Liabilities

Primary Government and Discretely Presented Component Units

Long-term obligations include general obligation bonds, certificates of obligation, compensated absences, subscription liabilities, net pension liability, and other postemployment benefits. The requirements for the general obligation bonds and certificates of obligation principal and interest payments are accounted for in the Debt Service Fund. The requirements for the subscription liability principal and interest payments are accounted for in the General Fund and Water/Wastewater Fund. Compensated absences, other postemployment benefits, and net pension liability are generally liquidated by the General Fund, Water/Wastewater Fund, and EDC.

City of Buda, Texas

Notes to the Financial Statements

Changes in Long-term Liabilities

Changes in long-term obligations for the period ended September 30, 2023, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 83,730,000	\$ -	\$ (1,375,000)	\$ 82,355,000	\$ 1,415,000
Certificates of obligation	9,900,000	-	(845,000)	9,055,000	860,000
Deferred amounts:					
For issuance premiums	6,381,977	-	(1,202,495)	5,179,482	-
Total bonds payable, net	100,011,977	-	(3,422,495)	96,589,482	2,275,000
Leases	70,456	-	(56,133)	14,323	14,323
Compensated absences	447,497	671,450	(576,589)	542,358	542,358
Subscription liability	-	354,536	(205,681)	148,855	35,197
Net pension liability	1,104,629	3,901,908	(2,244,141)	2,762,396	-
OPEB liability	200,994	27,837	(84,893)	143,938	-
Total governmental activities long-term liabilities	\$ 101,835,553	\$ 4,955,731	\$ (6,589,932)	\$ 100,201,352	\$ 2,866,878
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 4,360,000	\$ -	\$ (840,000)	\$ 3,520,000	\$ 860,000
Certificates of obligation	45,740,000	-	(1,680,000)	44,060,000	1,835,000
Limited tax notes	1,175,000	-	(380,000)	795,000	390,000
Deferred amounts:					
For issuance premiums	3,131,225	-	(1,310,874)	1,820,351	-
Total bonds payable, net	54,406,225	-	(4,210,874)	50,195,351	3,085,000
Leases	52,806	-	(42,070)	10,736	10,736
Compensated absences	81,293	62,625	(62,098)	81,820	62,857
Subscription liability	-	40,340	(7,910)	32,430	7,018
Net pension liability	229,464	758,304	(450,919)	536,849	-
OPEB liability	41,752	5,223	(19,965)	27,010	-
Total business-type activities long-term liabilities	\$ 54,811,540	\$ 866,492	\$ (4,793,836)	\$ 50,884,196	\$ 3,165,611
Component Unit:					
EDC compensated absences	-	19,954	(7,487)	12,467	4,293
EDC pension liability	-	177,871	(79,335)	98,536	-
LGC bonds payable	30,275,000	-	-	30,275,000	-
LGC bonds accrued interest	11,352,542	1,438,062	(1,613,574)	11,177,030	-
Total component units	\$ 41,627,542	\$ 1,635,887	\$ (1,700,396)	\$ 41,563,033	\$ 4,293

City of Buda, Texas

Notes to the Financial Statements

Certificates of Obligation, Bonds, and Notes

Governmental activities:

Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
General obligation bonds:				
Refunding Bonds, Series 2008	3.39%	\$ 2,930,000	2024	\$ 65,000
General Obligation Bonds, Series 2015	3.00-3.25%	9,430,000	2035	6,265,000
General Obligation Bonds, Series 2016	2.00-5.00%	41,150,000	2040	35,725,000
General Obligation Refunding, Series 2020	1.11%	370,000	2030	265,000
General Obligation Refunding, Series 2022a	3.63-5.00%	25,530,320	2042	25,530,320
General Obligation Refunding, Series 2022b	3.63-5.00%	14,504,681	2042	14,504,680
Total general obligation bonds				82,355,000
Certificates of obligation:				
Certificates of Obligation, Series 2006	4.45%	2,345,000	2026	380,000
Certificates of Obligation, Series 2008	3.48%	6,120,000	2028	1,810,000
Certificates of Obligation, Series 2014	2.00-4.50%	4,445,000	2034	2,215,000
Certificates of Obligation, Series 2016A	2.00-4.00%	3,655,000	2036	2,600,000
Certificates of Obligation, Series 2021 (P&R) (51.3%)	2.00-5.00%	1,460,000	2041	1,052,021
Certificates of Obligation, Series 2021 (Gen CIP) (48.7%)	2.00-5.00%	1,385,000	2041	997,979
Total certificates of obligation				9,055,000
Total governmental activities				\$ 91,410,000

Business-type activities:

Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
General obligation bonds:				
General Obligation Refunding, Series 2019	3.00-4.00%	\$ 4,845,000	2029	\$ 2,285,000
General Obligation Refunding, Series 2020 (Water) (15.03%)	1.11%	260,019	2030	185,607
General Obligation Refunding, Series 2020 (Wastewater)	1.11%	1,469,981	2030	1,049,393
Total general obligation bonds				3,520,000
Certificates of obligation:				
Certificates of Obligation, Series 2006 (Water) (50%)	4.45%	252,500	2026	60,000
Certificates of Obligation, Series 2006 (Wastewater) (50%)	4.45%	252,500	2026	60,000
Certificates of Obligation, Series 2014	2.00-4.00%	4,445,000	2034	635,000
Certificates of Obligation, Series 2014A	2.89-3.70%	3,605,000	2034	2,310,000
Certificates of Obligation, Series 2016	2.00-5.00%	1,190,000	2031	690,000
Certificates of Obligation, Series 2017 (Water) (6.5%)	3.00-5.00%	1,800,000	2042	1,556,758
Certificates of Obligation, Series 2017 (Wastewater) (93.5%)	3.00-5.00%	26,025,000	2042	22,508,242
Certificates of Obligation, Series 2021 (Water) (7.2%)	2.00-5.00%	685,000	2041	636,949
Certificates of Obligation, Series 2021 (Wastewater) (92.8%)	2.00-5.00%	8,795,000	2041	8,178,051
Certificates of Obligation, Series 2022 (Water) (93.96%)	4.00-5.00%	7,159,752	2042	6,976,719
Certificates of Obligation, Series 2022 (Purple Pipe) 6.04%	4.00-5.00%	460,248	2042	448,281
Total certificates of obligation				44,060,000
Limited tax notes:				
Limited Tax Note, Series 2018	2.55-3.09%	2,625,000	2025	795,000
Total business-type activities				\$ 48,375,000

LGC:

Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
Contract revenue bonds:				
Contract Revenue Bonds, Series 2004	4.75%	\$ 31,750,000	2028	\$ 30,275,000

City of Buda, Texas

Notes to the Financial Statements

The principal and interest requirements for certificates of obligation, bonds, and notes are as follows:

Year Ending September 30,	Governmental Activities General Obligation Bonds			Governmental Activities Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,415,000	\$ 3,370,470	\$ 4,785,470	\$ 860,000	\$ 307,417	\$ 1,167,417
2025	2,820,000	3,310,897	6,130,897	895,000	278,846	1,173,846
2026	3,070,000	3,180,134	6,250,134	935,000	245,208	1,180,208
2027	3,355,000	3,037,246	6,392,246	825,000	212,878	1,037,878
2028	3,500,000	2,892,577	6,392,577	855,000	182,604	1,037,604
2029-2033	22,025,000	11,890,227	33,915,227	2,650,000	603,985	3,253,985
2034-2038	27,955,000	6,971,834	34,926,834	1,610,000	151,525	1,761,525
2039-2042	18,215,000	1,570,800	19,785,800	425,000	17,815	442,815
Totals	\$ 82,355,000	\$ 36,224,185	\$ 118,579,185	\$ 9,055,000	\$ 2,000,278	\$ 11,055,278

Year Ending September 30,	Business-type Activities General Obligation Bonds			Business-type Activities Certificates of Obligation			Business-type Activities Limited Tax Notes		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 860,000	\$ 78,609	\$ 938,609	\$ 1,835,000	\$ 1,585,670	\$ 3,420,670	\$ 390,000	\$ 24,176	\$ 414,176
2025	890,000	55,647	945,647	1,920,000	1,501,356	3,421,356	405,000	12,515	417,515
2026	385,000	39,829	424,829	2,005,000	1,412,878	3,417,878	-	-	-
2027	385,000	30,537	415,537	2,055,000	1,321,156	3,376,156	-	-	-
2028	400,000	19,894	419,894	2,150,000	1,226,030	3,376,030	-	-	-
2029-2033	600,000	10,805	610,805	11,875,000	4,756,956	16,631,956	-	-	-
2034-2038	-	-	-	12,085,000	2,664,390	14,749,390	-	-	-
2039-2042	-	-	-	10,135,000	781,840	10,916,840	-	-	-
Totals	\$ 3,520,000	\$ 235,321	\$ 3,755,321	\$ 44,060,000	\$ 15,250,276	\$ 59,310,276	\$ 795,000	\$ 36,691	\$ 831,691

Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make yearly payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rate, term and ending subscription liability are as follows:

	Interest Rate	Liability at Commencement	Subscription Term in Years	Ending Balance
Governmental activities				
Software subscriptions	3.97%	\$ 354,536	2 - 5	\$ 148,855
Total governmental activities				\$ 148,855
Business-type activities				
Software subscriptions	3.97%	\$ 40,340	5	\$ 32,430
Total business-type activities				\$ 32,430

City of Buda, Texas

Notes to the Financial Statements

The future principal and interest SBITA payments as of fiscal year end are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 35,197	\$ 5,914	\$ 41,111
2025	38,162	4,516	42,678
2026	41,324	2,999	44,323
2027	34,172	1,358	35,530
Totals	\$ 148,855	\$ 14,787	\$ 163,642

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2024	\$ 7,018	\$ 1,288	\$ 8,306
2025	7,712	1,010	8,722
2026	8,454	703	9,157
2027	9,246	367	9,613
Totals	\$ 32,430	\$ 3,368	\$ 35,798

The total value of the subscription assets as of the end of the current fiscal year was \$425,232 and had accumulated amortization of \$150,330.

Note 4. Other Information

A. Pension Information

Plan Description

The City of Buda participates in one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plans administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmr.com.

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

City of Buda, Texas

Notes to the Financial Statements

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% Repeating transfers
Annuity increase (to retirees)	70% of CPI
Supplemental death benefit to active employees and retirees	Yes

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	104
Active employees	126
	<hr/>
	258
	<hr/>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Buda were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Buda were 14.30%, 13.76% and 13.76% for calendar years 2022, 2021, and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$1,244,134, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

City of Buda, Texas

Notes to the Financial Statements

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Investment rate of return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety tables used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the General-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, Gabriel Roeder Smith & Company (GRS) focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return (Arithmetic)
Global public equity	35.0%	7.55%
Core fixed income	6.0%	2.00%
Non-core fixed income	20.0%	5.68%
Other public and private markets	12.0%	7.22%
Real estate	12.0%	6.85%
Hedge funds	5.0%	5.35%
Private equity	10.0%	10.00%
Total	100%	

City of Buda, Texas

Notes to the Financial Statements

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2021	\$ 17,725,105	\$ 16,391,012	\$ 1,334,093
Changes for the year			
Service cost	1,623,999	-	1,623,999
Interest	1,226,420	-	1,226,420
Difference between expected and actual experience	(157,279)	-	(157,279)
Contributions - employer	-	1,228,744	(1,228,744)
Contributions - employee	-	601,481	(601,481)
Net investment income	-	(1,202,775)	1,202,775
Benefit payments, including refunds of employee contributions	(735,847)	(735,847)	-
Administrative expense	-	(10,353)	10,353
Other changes	-	12,355	(12,355)
Net changes	1,957,293	(106,395)	2,063,688
Balance at December 31, 2022	\$ 19,682,398	\$ 16,284,617	\$ 3,397,781
Plan fiduciary net position as a percentage of total pension liability		82.74%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 6,688,024	\$ 3,397,781	\$ 762,312

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

City of Buda, Texas

Notes to the Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$258,176.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 258,020	\$ 152,575
Changes in actuarial assumptions	41,901	-
Difference between projected and actual investment earnings	1,145,116	-
Contributions subsequent to the measurement date	902,460	-
Totals	\$ 2,347,497	\$ 152,575

\$902,460 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2023 (i.e. recognized in the City's financial statements September 31, 2024). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Years Ended December 31,	
2023	\$ 205,252
2024	346,449
2025	305,957
2026	434,804
Totals	\$ 1,292,462

B. Other Postemployment Benefits

Plan Descriptions

Texas Municipal Retirement System (TMRS) - Supplemental Death Benefits Plan

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

City of Buda, Texas

Notes to the Financial Statements

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	14
Active employees	126
	<hr/>
	164
	<hr/> <hr/>

Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The contribution rates to the SDBF for the City was 0.26%, 0.15%, and 0.14% for calendar years 2023, 2022 and 2021, respectively.

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	4.05%
Retiree's share of benefit-related costs	\$ 0

City of Buda, Texas

Notes to the Financial Statements

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the City, rates are multiplied by an additional factor of 100%. For calculating the actuarial liability and the retirement contribution rates, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 2.00% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Changes in Total OPEB Liability

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at December 31, 2021	\$ 242,746
Changes for the year:	
Service cost	28,356
Interest on total OPEB liability	4,704
Difference between expected and actual experience	(5,347)
Changes of assumptions or other inputs	(96,933)
Benefit payments	<u>(2,578)</u>
Net changes	<u>(71,798)</u>
Balance at December 31, 2022	<u>\$ 170,948</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB liability	\$ 207,650	\$ 170,948	\$ 142,682

City of Buda, Texas

Notes to the Financial Statements

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$14,850. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,734
Changes in actuarial assumptions and other inputs	40,999	86,412
Contributions subsequent to the measurement date	16,559	-
Totals	\$ 57,558	\$ 103,146

\$16,559 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2024. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Years Ending December 31:	
2023	\$ (8,378)
2024	(8,619)
2025	(9,251)
2026	(8,597)
2027	(13,465)
Thereafter	(13,837)
Totals	\$ (62,147)

C. Related Party Transactions

Each year the City pays a portion of its sales tax to EDC in accordance with a Definitive Agreement (in accordance with state laws governing 4B development corporations). The City remitted approximately \$4,300,000 in sales taxes during the fiscal year ended September 30, 2023. The remitted amount represents 0.5% of the total tax rate of 1.5%.

City of Buda, Texas

Notes to the Financial Statements

In accordance with a Definitive Agreement, the City, EDC, and Hays County remit a portion of sales tax collections to LGC, earned from businesses operating with the TIRZ-1, in accordance with the Development Agreement entered into among the City, EDC, Hays County, and LGC for the construction of the Cabela's retail facility. The sales tax received by LGC is used to pay principal and interest on LGC's Contract Revenue Bonds, Series 2004. During the year ended September 30, 2023, the LGC received the following amounts:

Revenue received from:		
Sales tax - City	\$	382,430
Sales tax EDC		290,237
Sales tax - Hays County		101,417
Hotel/motel taxes - City		<u>238,999</u>
	\$	<u><u>1,013,083</u></u>

In accordance with the Development Agreement among the City, EDC, Hays County, and LGC, the following amounts are receivable from related parties:

Due from:		
EDC	\$	191,145
City (Hotel and sales tax)		644,121
Hays County sales tax		<u>23,562</u>
	\$	<u><u>858,828</u></u>

The taxes are used to pay principal and interest on LGC's Contract Revenue Bonds, Series 2004. In accordance with the Development Agreement, LGC has serviced the Contract Revenue Bonds, Series 2004 and has paid Cabela's approximately \$16.2 million since inception for additional liabilities incurred under the Development Agreement.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the state as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will re-insure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of re-insurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year, and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

City of Buda, Texas

Notes to the Financial Statements

E. Litigation and Other Contingencies

The City participates in grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent the City has not complied with the rules and regulations governing the grants, refunds of money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

F. Cabela's Project

In 2004, a Development Agreement was entered into among LGC, the City, Hays County, EDC, and Cabela's related to the construction of a Cabela's retail facility in Buda, Texas. In addition to the retail facility, the Development Agreement called for the construction and development of public museum facilities and public infrastructure ("public facilities"). LGC issued bonds in 2004 in the total principal amount of \$31,725,000 to pay the projected costs of the public facilities and the cost of the issuance of the bonds. LGC was to finance or reimburse the developer, Cabela's Inc., for the costs of the public facilities from the proceeds of the bonds. The bonds constitute valid, legally binding, and enforceable special revenue obligations of LGC. Such bonds shall be payable only from pledged revenue received from tax increments (TIRZ-1 revenues), which are generated in the TIRZ-1 and from certain grant revenues paid by the City, EDC, and Hays County, subject to annual appropriations, pursuant to grant agreements among these entities, and LGC. The holders of the bonds shall never have the right to demand payment out of money raised or to be raised by taxation, other than from the pledged revenues.

Upon completion of the construction, the City accepted ownership of the public facilities. The City maintains the public infrastructure and has a management agreement with Cabela's for the management of the public museum facilities and related common areas. The management fees are deferred until such time Cabela's exercises its option to purchase the public museum facilities from the City, which may occur upon the earlier of the (1) 25th anniversary of the completion date or (2) the repayment of all outstanding public facilities bonds.

Required Supplementary Information



City of Buda, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund For the Fiscal Year Ended September 30, 2023

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 2,383,101	\$ 2,530,500	\$ 2,514,999	\$ (15,501)
Sales and use taxes	8,353,070	8,484,261	8,448,781	(35,480)
Franchise taxes	1,542,680	1,581,580	1,540,447	(41,133)
Mixed beverage tax	129,560	160,000	173,407	13,407
Fines and forfeitures	109,906	120,883	130,375	9,492
Licenses and permits	1,148,750	1,577,108	1,849,529	272,421
Fees and charges for services	674,393	896,975	864,413	(32,562)
Grants and contributions	66,000	84,178	83,495	(683)
Investment earnings	150,000	1,159,538	1,187,179	27,641
Miscellaneous	73,750	51,251	126,531	75,280
Total revenues	14,631,210	16,646,274	16,919,156	272,882
EXPENDITURES				
Current:				
General government	5,434,865	4,819,814	4,680,204	139,610
Community services	916,740	892,822	882,885	9,937
Parks and recreation	1,613,449	1,870,687	1,701,478	169,209
Engineering and development	1,719,249	2,058,704	2,000,514	58,190
Public works	2,240,674	2,238,200	2,142,804	95,396
Public safety	4,538,596	4,356,987	4,128,995	227,992
Debt service:				
Principal	56,140	56,140	261,814	(205,674)
Interest and other charges	1,640	1,640	1,633	7
Total expenditures	16,521,353	16,294,994	15,800,327	494,667
Excess (deficiency) of revenues over expenditures	(1,890,143)	351,280	1,118,829	767,549
OTHER FINANCING SOURCES (USES)				
Subscriptions	-	-	354,536	354,536
Transfers in	781,590	882,820	841,079	(41,741)
Transfers out	(402,000)	(1,323,126)	(865,298)	457,828
Total other financing sources (uses)	379,590	(440,306)	330,317	770,623
Net change in fund balance	(1,510,553)	(89,026)	1,449,146	1,538,172
Fund balance, beginning of year	11,787,725	11,787,725	11,787,725	-
FUND BALANCE, END OF YEAR	\$ 10,277,172	\$ 11,698,699	\$ 13,236,871	\$ 1,538,172

The Notes to Required Supplementary Information are an integral part of this schedule.

City of Buda, Texas

Schedule of Changes in the City's Net Pension Liability and Related Ratios - Texas Municipal Retirement System Last Nine Measurement Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 1,623,999	\$ 1,471,641	\$ 1,374,115
Interest	1,226,420	1,068,656	911,678
Differences between expected and actual experience	(157,279)	243,290	253,438
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(735,847)	(309,208)	(215,571)
	<u>1,957,293</u>	<u>2,474,379</u>	<u>2,323,660</u>
Net change in total pension liability			
	1,957,293	2,474,379	2,323,660
Total pension liability - beginning	<u>17,725,105</u>	<u>15,250,726</u>	<u>12,927,066</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 19,682,398</u>	<u>\$ 17,725,105</u>	<u>\$ 15,250,726</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 1,228,744	\$ 1,053,581	\$ 1,006,807
Contributions - employee	601,481	535,977	512,183
Net investment income	(1,202,775)	1,750,400	854,663
Benefits payments, including refunds of employee contributions	(735,847)	(309,208)	(215,571)
Administrative expense	(10,354)	(8,064)	(5,509)
Other	12,356	55	(215)
	<u>(106,395)</u>	<u>3,022,741</u>	<u>2,152,358</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION			
	(106,395)	3,022,741	2,152,358
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>16,391,012</u>	<u>13,368,271</u>	<u>11,215,913</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 16,284,617</u>	<u>\$ 16,391,012</u>	<u>\$ 13,368,271</u>
NET PENSION LIABILITY - ENDING (a)-(b)	<u>\$ 3,397,781</u>	<u>\$ 1,334,093</u>	<u>\$ 1,882,455</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	82.74%	92.47%	87.66%
COVERED PAYROLL	\$ 8,592,590	\$ 7,656,819	\$ 7,316,906
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	39.54%	17.42%	25.73%

*The amounts presented for the fiscal year were determined as of the Plan's previous fiscal year end (measurement year) December 31. GASB 68 requires 10 fiscal years of data to be provided in this schedule. Until a full 10-year trend is compiled, The City will present information for those years for which information is available.

2019	2018	2017	2016	2015	2014
\$ 1,160,535	\$ 1,059,303	\$ 943,901	\$ 804,605	\$ 693,940	\$ 546,167
785,291	674,143	581,349	497,905	426,750	358,890
(89,642)	72,333	-	70,772	201,662	115,892
137,673	-	(13,837)	-	61,713	-
(240,921)	(178,600)	(210,170)	(203,287)	(115,633)	(135,156)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,752,936	1,627,179	1,301,243	1,169,995	1,268,432	885,793
11,174,130	9,546,951	8,245,708	7,075,713	5,807,281	4,921,488
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 12,927,066</u>	<u>\$ 11,174,130</u>	<u>\$ 9,546,951</u>	<u>\$ 8,245,708</u>	<u>\$ 7,075,713</u>	<u>\$ 5,807,281</u>
\$ 862,919	\$ 840,197	\$ 724,153	\$ 573,284	\$ 385,256	\$ 325,571
433,266	397,168	343,237	292,888	263,617	228,814
1,365,963	(239,889)	869,695	355,470	6,962	232,778
(240,921)	(178,600)	(210,170)	(203,287)	(115,633)	(135,156)
(7,690)	(4,625)	(4,501)	(4,009)	(4,239)	(2,429)
(230)	(242)	(228)	(217)	(210)	(200)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,413,307	814,009	1,722,186	1,014,129	535,753	649,378
8,802,606	7,988,597	6,266,411	5,252,282	4,716,529	4,067,151
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 11,215,913</u>	<u>\$ 8,802,606</u>	<u>\$ 7,988,597</u>	<u>\$ 6,266,411</u>	<u>\$ 5,252,282</u>	<u>\$ 4,716,529</u>
<u>\$ 1,711,153</u>	<u>\$ 2,371,524</u>	<u>\$ 1,558,354</u>	<u>\$ 1,979,297</u>	<u>\$ 1,823,431</u>	<u>\$ 1,090,752</u>
86.76%	78.78%	83.68%	76.00%	74.23%	81.22%
\$ 6,189,521	\$ 5,673,824	\$ 4,903,380	\$ 4,184,115	\$ 3,759,157	\$ 3,268,778
27.65%	41.80%	31.78%	47.31%	48.51%	33.37%

City of Buda, Texas

Schedule of the City Contributions -
Texas Municipal Retirement System
Last Nine Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 1,244,134	\$ 1,199,622	\$ 1,031,310
Contributions in relation to the actuarially determined contribution	<u>(1,244,134)</u>	<u>(1,199,622)</u>	<u>(1,031,310)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,758,136	\$ 8,474,739	\$ 7,494,982
Contributions as a percentage of covered payroll	14.21%	14.16%	13.76%

*The amounts presented for the fiscal year were determined as of the City's fiscal year end September 30.
GASB 68 requires 10 fiscal years of data to be provided in this schedule. Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 947,638	\$ 859,385	\$ 796,380	\$ 686,294	\$ 422,556	\$ 368,785
<u>(947,638)</u>	<u>(859,385)</u>	<u>(796,380)</u>	<u>(686,294)</u>	<u>(422,556)</u>	<u>(368,785)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,865,214	\$ 6,069,928	\$ 5,375,639	\$ 4,724,298	\$ 4,239,326	\$ 3,584,210
13.80%	14.16%	14.81%	14.53%	9.97%	10.29%

City of Buda, Texas

Schedule of Changes in the City's OPEB Liability and Related Ratios Texas Municipal Retirement System Last Six Measurement Years *

	2022	2021	2020	2019	2018	2017
Total OPEB liability:						
Service cost	\$ 28,356	\$ 26,033	\$ 21,219	\$ 12,998	\$ 12,482	\$ 9,316
Interest on total OPEB liability	4,704	4,489	4,609	4,670	4,186	3,887
Difference between expected and actual experience	(5,347)	(6,295)	(1,631)	(8,972)	(6,765)	-
Changes of assumptions or other inputs	(96,933)	8,236	31,770	29,904	(9,577)	9,895
Benefit payments	(2,578)	(2,297)	(732)	(1,238)	(1,135)	(981)
Net change in total OPEB liability	(71,798)	30,166	55,235	37,362	(809)	22,117
Total OPEB liability - beginning	242,746	212,580	157,345	119,983	120,792	98,675
TOTAL OPEB LIABILITY - ENDING	\$ 170,948	\$ 242,746	\$ 212,580	\$ 157,345	\$ 119,983	\$ 120,792
Covered-employee payroll	\$8,592,590	\$7,656,819	\$7,316,906	\$6,189,521	\$5,673,824	\$4,903,380
OPEB liability as a percentage of covered-employee payroll	1.99%	3.17%	2.91%	2.54%	2.11%	2.46%

*The amounts presented for the fiscal year were determined as of the Plan's previous fiscal year end (measurement year) December 31. GASB Statement No. 75 requires 10 fiscal years of data to be provided in this schedule. The employer will be required to build this schedule over the next 10-year period, as only one year of data is available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule. There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

City of Buda, Texas

Notes to Required Supplementary Information

Note 1. Budget

A. Budgetary Information

The original budget is adopted by the City Council prior to the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the fund level. Expenditure requests, which would require an increase in the total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time during the fiscal year, the City Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The City Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget. Activities of the general, debt service, water, wastewater, sanitation, capital project funds, and special revenue funds such as hotel/motel tax are included in the City's annual appropriated budget. Capital project funds are budgeted for project length.

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

*[An opinion in substantially the following form will be delivered by McCall,
Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the
Bonds, assuming no material changes in facts or law.]*

**CITY OF BUDA, TEXAS
GENERAL OBLIGATION BONDS,
SERIES 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$9,245,000***

AS BOND COUNSEL FOR THE CITY OF BUDA, TEXAS (the "City") in connection with the issuance of the bonds described above (the "Bonds"), we have examined the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds and in the ordinance of the City adopted on September 17, 2024 authorizing the issuance of the Bonds (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, certified copies of the pertinent proceedings of the City, and other pertinent documents authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued and delivered in accordance with law; that the Bonds, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the City; and that ad valorem taxes sufficient to provide for the payment of the interest on and the principal of the Bonds have been levied and pledged for such purpose, within the limits prescribed by law, on taxable property within the City as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the

*Preliminary, Subject to Change

600 Congress Ave.
Suite 2150
Austin, Texas 78701
T 512.478.3805
F 512.472.0871

717 North Harwood
Suite 900
Dallas, Texas 75201
T 214.754.9200
F 214.754.9250

Two Allen Center
1200 Smith Street, Suite 1550
Houston, Texas 77002
T 713.980.0500
F 713.980.0510

112 E. Pecan Street
Suite 1310
San Antonio, Texas 78205
T 210.225.2800
F 210.225.2984



City fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection



with the sale of the Bonds and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of the City and the assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Certificates, assuming no material changes in facts or law.]

**CITY OF BUDA, TEXAS,
COMBINATION TAX AND LIMITED REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$12,400,000***

AS BOND COUNSEL FOR THE CITY OF BUDA, TEXAS (the "City") in connection with the issuance of the certificates described above (the "Certificates"), we have examined the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates, until maturity or redemption, at the rates and payable on the dates specified in the text of the Certificates and in the ordinance of the City adopted on September 17, 2024 authorizing the issuance of the Certificates (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, certified copies of the pertinent proceedings of the City, and other pertinent documents authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued and delivered in accordance with law; that the Certificates, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the City; and that ad valorem taxes sufficient to provide for the payment of the interest on and the principal of the Certificates have been levied and pledged for such purpose, within the limits prescribed by law, on taxable property within the City and the Certificates are additionally secured by and payable from a limited pledge of surplus revenues of the City's combined waterworks and sewer system all as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the

* Preliminary, subject to change.



aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the City fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the



Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates and have not assumed any responsibility with respect thereto.

We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of the City and the assessed valuation of taxable property within the City and the sufficiency of the revenues pledged by the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,