

**ORDINANCE NO. 2024-31**

**ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF BASTROP, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024; LEVYING AN AD VALOREM TAX AND PLEDGING CERTAIN SURPLUS REVENUES IN SUPPORT OF THE CERTIFICATES; APPROVING AN OFFICIAL STATEMENT, A PAYING AGENT/REGISTRAR AGREEMENT AND OTHER AGREEMENTS RELATING TO THE SALE AND ISSUANCE OF THE CERTIFICATES; AND ORDAINING OTHER MATTERS RELATING TO THE ISSUANCE OF THE CERTIFICATES**

**THE STATE OF TEXAS           §  
COUNTY OF BASTROP       §  
CITY OF BASTROP           §**

**WHEREAS**, the City Council of the City of Bastrop, Texas (the "City") deems it advisable to issue certificates of obligation in the amount of \$36,320,000 (the "Certificates") for the purpose of paying contractual obligations incurred or to be incurred for constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City's: (1) water and waste water system, and (2) the payment of professional services in connection therewith including legal, fiscal and engineering fees and the costs of issuing the certificates of obligation; and

**WHEREAS**, the Certificates hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271, Local Government Code and Chapter 1502, Texas Government Code, as amended; and

**WHEREAS**, on June 11, 2024 the City Council passed a resolution authorizing and directing the City Secretary to give notice of intention to issue the Certificates; and

**WHEREAS**, the notice was published on June 19, 2024 and June 26, 2024 in *The Bastrop Advertiser*, a newspaper of general circulation in the City and a "newspaper" as defined in Section 2051.044, Government Code; and

**WHEREAS**, the notice was also posted with the City's website continuously for at least 45 days before the date tentatively set for the passage of this Ordinance; and

**WHEREAS**, the City has not received a valid petition from the qualified voters of the City protesting the issuance of the Certificates; and

**WHEREAS**, it is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Texas Government Code; and

**WHEREAS**, it is considered to be in the best interest of the City that the interest bearing Certificates be issued; therefore,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS:**

**Section 1. RECITALS, AMOUNT AND PURPOSE OF THE CERTIFICATES.**

The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The Certificates of the City of Bastrop, Texas (the "City") are hereby authorized to be issued and delivered in the aggregate principal amount of \$36,320,000 for the purpose of paying contractual obligations incurred or to be incurred for constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City's: (1) water and waste water system, and (2) the payment of professional services in connection therewith including legal, fiscal and engineering fees and the costs of issuing the certificates of obligation.

**Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES OF CERTIFICATES.**

Each certificate issued pursuant to this Ordinance shall be designated: "CITY OF BASTROP, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024", and initially there shall be issued, sold, and delivered hereunder fully registered certificates, without interest coupons, dated September 4, 2024, in the denomination and principal amount hereinafter stated, numbered consecutively from R-1 upward (except the initial Certificate delivered to the Attorney General of the State of Texas which shall be numbered T-1), payable to the respective initial registered owners thereof (as designated in Section 12 hereof), or to the registered assignee or assignees of said Certificates or any portion or portions thereof (in each case, the "Registered Owner"), and the outstanding principal amount of the Certificates shall mature and be payable on August 1 in each of the years and in the principal amount, respectively, as set forth in the following schedule:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2025	\$1,010,000	2037	\$1,380,000
2026	805,000	2038	1,450,000
2027	845,000	2039	1,520,000
2028	890,000	2040	1,600,000
2029	935,000	2041	1,675,000
2030	980,000	2042	1,760,000
2031	1,030,000	****	****
2032	1,080,000	2045	5,715,000
2033	1,135,000	****	****
2034	1,190,000	2047	4,205,000
2035	1,250,000	****	****
2036	1,315,000	2049	4,550,000

The term "Certificate" as used in this Ordinance shall mean and include collectively the Certificates initially issued and delivered pursuant to this Ordinance and all substitute Certificates exchanged therefor, as well as all other substitute Certificates and replacement Certificates issued pursuant hereto.

**SECTION 3. INTEREST.** The Certificates scheduled to mature during the years, respectively, set forth below shall bear interest from the dates specified in the FORM OF

CERTIFICATE set forth in this Ordinance to their respective dates of maturity at the following rates per annum:

<u>YEAR</u>	<u>INTEREST RATE</u>	<u>YEAR</u>	<u>INTEREST RATE</u>
2025	5.000%	2037	5.000%
2026	5.000	2038	5.000
2027	5.000	2039	5.000
2028	5.000	2040	5.000
2029	5.000	2041	5.000
2030	5.000	2042	4.000
2031	5.000	****	****
2032	5.000	2045	4.000
2033	5.000	****	****
2034	5.000	2047	4.000
2035	5.000	****	****
2036	5.000	2049	4.000

Interest shall be payable in the manner provided and on the dates stated in the FORM OF CERTIFICATE set forth in this Ordinance.

**Section 4. CHARACTERISTICS OF THE CERTIFICATES.** (a) Registration, Transfer, Conversion and Exchange; Authentication. The City shall keep or cause to be kept at Regions Bank, Houston, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Certificates (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar shall make the Registration Books available within the State of Texas. The City shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Certificate or Certificates. Registration of assignments, transfers, conversions and exchanges of Certificates shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE set forth in this Ordinance. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate.

Except as provided in Section 4 of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, date and manually sign said Certificate, and no such Certificate shall be deemed to be issued or outstanding unless such

Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates and Certificates surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing conversion and exchange of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificates in the manner prescribed herein, and said Certificates shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, as amended, and particularly Subchapter D thereof, the duty of conversion and exchange of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificate which initially was issued and delivered pursuant to this Ordinance, approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

(b) Payment of Certificates and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Certificates, and of all conversions and exchanges of Certificates, and all replacements of Certificates, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (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 past due interest shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) General. The Certificate (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificate to be payable only to the Registered Owners thereof, (ii) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the City at least 45 days prior to any such redemption date which shall indicate to which principal installments the redemption shall be applied), (iii) may be converted and exchanged for other Certificates, (iv) may be transferred and assigned in whole, but not in part, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Certificates shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Certificates, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth in this Ordinance. The Certificate initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate issued in conversion of and exchange or substitute for any Certificate or Certificates issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE.

(d) Substitute Paying Agent/Registrar. The City covenants with the Registered Owners of the Certificates that at all times while the Certificates are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 30 days written notice to the Paying Agent/Registrar, to be effective at such time which will not disrupt or delay payment on the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Certificates, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry-Only System. The Certificates issued in exchange for the Certificates initially issued as provided in Section 4(i) shall be issued in the form of a separate single fully registered Certificate for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC") and except as provided in subsection (f) hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Certificates, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown on the Registration Books of any amount with respect to principal of or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, but to the extent permitted by law, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Registration Books as the absolute owner of such Certificate for the purpose of payment of principal of and interest, with respect to such Certificate, for the purposes of registering transfers with respect to such Certificate, and for all other purposes of registering transfers with respect to such Certificates, and for all other purposes whatsoever. The

Paying Agent/Registrar shall pay all principal of and interest on the Certificates only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on the Certificates to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Certificate evidencing the obligation of the City to make payments of principal, and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the City determines to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Certificate, the City shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging Certificate shall designate, in accordance with the provisions of this Ordinance.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the Letter of Representations of the City to DTC.

(h) DTC Blanket Letter of Representations. The City confirms execution of a Blanket Issuer Letter of Representations with DTC establishing the Book-Entry-Only System which will be utilized with respect to the Certificates.

(i) Cancellation of Initial Certificate. On the closing date, one Initial Certificate representing the entire principal amount of the Certificates, payable in stated installments to the order of the purchaser of the Certificates or its designee set forth in Section 12 of this Ordinance, executed by manual or facsimile signature of the Mayor or Mayor Pro-tem and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such Underwriters set forth in Section 12 of this Ordinance or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver to DTC on behalf of such Underwriters one registered definitive Certificate for each year of maturity of the Certificates, in the aggregate principal amount of all the Certificates for such maturity.

**Section 5. FORM OF CERTIFICATE.** The form of the Certificate, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificate initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

**FORM OF CERTIFICATE**

**NO. R- UNITED STATES OF AMERICA PRINCIPAL  
STATE OF TEXAS AMOUNT  
COUNTY OF BASTROP \$ \_\_\_\_\_  
CITY OF BASTROP, TEXAS  
COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION  
SERIES 2024**

<b>INTEREST RATE</b>	<b>DATE OF CERTIFICATE</b>	<b>MATURITY DATE</b>	<b>CUSIP NO.</b>
	September 4, 2024	August 1, 20__	

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT: DOLLARS**

**ON THE MATURITY DATE** specified above, the CITY OF BASTROP, in the County of Bastrop, State of Texas (the "City"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the principal amount set forth above, and to pay interest thereon from the Date of Certificate, on February 1, 2025 and semiannually on each August 1 and February 1 thereafter to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; except that if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged or converted from is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full.

**THE PRINCIPAL OF AND INTEREST ON** this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate at maturity, or upon the date fixed for its redemption prior to maturity, at Regions Bank, which is the "Paying Agent/Registrar" for this Certificate at its designated office for payment currently, Houston, Texas (the "Designated Payment/Transfer Office"). The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the Regis-

tered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of this Certificate (the "Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared at the close of business on the 15<sup>th</sup> day of the preceding month each such date (the "Record Date") on the registration books kept by the Paying Agent/Registrar (the "Registration Books"). In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. 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 (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 Certificate appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice. Notwithstanding the foregoing, during any period in which ownership of the Certificate is determined only by a book entry at a securities depository for the Certificate, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the City and the securities depository.

**ANY ACCRUED INTEREST** due at maturity or upon the redemption of this Certificate prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Certificate for redemption and payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the Registered Owner of this Certificate that on or before each principal payment date, interest payment date, and accrued interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates, when due.

**IF THE DATE** for the payment of the principal of or interest on this Certificate shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

**THIS CERTIFICATE** is dated September 4, 2024, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$36,320,000, for the purpose of paying contractual obligations incurred or to be incurred by the City for constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City's: (1) water and waste water system, and (2) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates.



ON AUGUST 1, 2033, or on any date thereafter, the Certificates of this Series maturing on and after August 1, 2034 may be redeemed prior to their scheduled maturities, at the option of the City, with funds derived from any available and lawful source, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and, if in part, the particular maturities to be redeemed shall be selected and designated by the City and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot the Certificates, or a portion thereof, within such maturity to be redeemed (provided that a portion of a Certificate may be redeemed only in an integral multiple of \$5,000).

WITH RESPECT TO any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys 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 and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

THE CERTIFICATES MATURING ON August 1 in the years 2045, 2047 and 2049 are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts on the following dates and at a price of par plus accrued interest to the redemption date ("Term Certificates").

**Term Certificates Maturing on August 1, 2045**

<u>Redemption Date</u>	<u>Principal Amount</u>
August 1, 2043	\$1,830,000
August 1, 2044	\$1,905,000
August 1, 2045†	\$1,980,000†

† Final Maturity

**Term Certificates Maturing on August 1, 2047**

<u>Redemption Date</u>	<u>Principal Amount</u>
August 1, 2046	\$2,060,000
August 1, 2047†	\$2,145,000†

† Final Maturity

**Term Certificates Maturing on August 1, 2045**

<u>Redemption Date</u>	<u>Principal Amount</u>
August 1, 2048	\$2,230,000
August 1, 2049 <sup>†</sup>	\$2,320,000 <sup>†</sup>

<sup>†</sup> Final Maturity

**THE PRINCIPAL AMOUNT** of the Term Certificates required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City by the principal amount of any Term Certificates of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with monies in the Interest and Sinking Fund at a price not exceeding the principal amount of the Term Certificates plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

**NO LESS THAN** 30 days prior to the date fixed for any such redemption, unless the Purchaser (as defined in the Ordinance) is the sole Registered Owner of all of the outstanding principal amount of the Certificates, the City shall cause the Paying Agent/Registrar to send notice by United States mail, first-class postage prepaid to the Registered Owner of each Certificate to be redeemed at its address as it appeared 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 and to major securities depositories, national bond rating agencies and bond information services; provided, however, that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of the Certificates. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates. If due provision for such payment is made, all as provided above, the Certificates thereby automatically shall be treated as redeemed prior to its scheduled maturity, and it shall not bear interest after the date fixed for redemption, and it shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

**ALL CERTIFICATES OF THIS SERIES** are issuable solely as fully registered certificates, without interest coupons, in the denomination of \$5,000 and any integral multiple of \$5,000 in excess thereof. As provided in the Ordinance, this Certificate may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered certificate, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations of \$5,000 and in any integral multiple of \$5,000 in excess thereof as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of as-

signment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any denomination of \$5,000 and any integral multiple of \$5,000 in excess thereof to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Certificate or portion thereof will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of the unredeemed balance of the Certificates.

**WHENEVER** the beneficial ownership of this Certificate is determined by a book entry at a securities depository for the Certificate, the foregoing requirements of holding, delivering or transferring this Certificate shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

**IN THE EVENT** any Paying Agent/Registrar for the Certificates is changed by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owner of the Certificates.

**IT IS HEREBY** certified, recited and covenanted that this Certificate has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Certificate have been performed, existed and been done in accordance with law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said City, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate, together with other obligations of the City, is additionally secured by and payable from the surplus revenues of the City's Water and Sewer System, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the City's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or part of the Net Revenues of the City's Water and Sewer System, which amount shall not exceed \$1,000 all as provided in the Ordinance.

**BY BECOMING** the Registered Owner of this Certificate, the Registered Owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and

IN WITNESS WHEREOF, the City has caused this Certificate to be signed with the manual or facsimile signature of the Mayor of the City and countersigned with the manual or facsimile signature of the City Secretary of said City, and has caused the official seal of the City to be duly impressed, or placed in facsimile, on this Certificate.

*Irma G. Parker*  
\_\_\_\_\_  
City Secretary

*[Signature]*  
\_\_\_\_\_  
Mayor

(CITY SEAL)



provisions of this Certificate and the Ordinance constitute a contract between each Registered Owner hereof and the City.

IN WITNESS WHEREOF, the City has caused this Certificate to be signed with the manual or facsimile signature of the Mayor of the City and countersigned with the manual or facsimile signature of the City Secretary of said City, and has caused the official seal of the City to be duly impressed or placed in facsimile, on this Certificate.



*G. Parker*  
\_\_\_\_\_  
City Secretary

*[Signature]*  
\_\_\_\_\_  
Mayor

**FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

**FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**  
(To be executed if this Certificate is not accompanied by  
an executed Registration Certificate of the  
Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Certificate has been issued under the provisions of the Ordinance described in the text of this Certificate; and that this Certificate has been issued in conversion or replacement of, or in exchange for, a certificate, certificates, or a portion of a certificate or certificates of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

REGIONS BANK  
Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Representative

**FORM OF ASSIGNMENT:**

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_

\_\_\_\_\_  
Please insert Social Security or Taxpayer  
Identification Number of Transferee

\_\_\_\_\_

\_\_\_\_\_  
(Please print or typewrite name and address,  
including zip code, of Transferee)

---

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

---

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

---

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Certificate in every particular, without alteration or enlargement or any change whatsoever.

**FORM OF REGISTRATION CERTIFICATE OF  
THE COMPTROLLER OF PUBLIC ACCOUNTS:**

**COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.**

I hereby certify that this Certificate has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and that this Certificate has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

---

Comptroller of Public Accounts  
of the State of Texas

(COMPTROLLER'S SEAL)

**INSERTIONS FOR THE INITIAL CERTIFICATE**

The Initial Certificate shall be in the form set forth in this Section, except that:

A. immediately under the name of the Certificates, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and "CUSIP NO." shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"ON THE DATE SPECIFIED BELOW, the City of Bastrop, Texas (the "City"), being a political subdivision, hereby promises to pay the annual installments set forth below to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on August 1 in each of the years, in the principal installments in the following schedule and bearing interest at the per annum rate stated above:

<u>Year</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
-------------	--------------------------	-----------------------

(Information from Sections 2 and 3 to be inserted)

The City promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Closing Date at the respective Interest Rate per annum specified above. Interest is payable on February 1, 2025 and semiannually on each August 1 and February 1 thereafter to the date of payment of the principal installment specified above; except, that if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full."

C. The Initial Certificate shall be numbered "T-1."

**Section 6. INTEREST AND SINKING FUND.** A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the City at an official depository bank of said City. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said City, and shall be used only for paying the interest on and principal of said Certificates. All ad valorem taxes levied and collected for and on account of said Certificates shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any of said Certificates are outstanding and unpaid, the governing body of said City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on said Certificates as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of said Certificates as such principal matures (but never less than 2% of the original amount of said Certificates as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of said City, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in said City, for each year while any of said Certificates are outstanding and unpaid, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law. Accrued interest and any premium on the Certificates shall be deposited in the Interest and Sinking Fund and used to pay interest on the Certificates.

**Section 7. REVENUES.** The Certificates together with other obligations of the City, are additionally secured by and shall be payable from a limited pledge of the surplus revenues of the City's Water and Sewer System remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the City's revenue bonds or other obligation (now or hereafter outstanding) which are payable from all or any part of the net revenues of the City's Water and Sewer System, with such amount not to exceed \$1,000 constituting "Surplus Revenues." The City shall deposit such Surplus Revenues to the credit of the Interest and Sinking Fund created pursuant to Section 6, to the extent necessary to pay the principal and interest on the Certificates. Notwithstanding the requirements of Section 6, if Surplus Revenues are actually on deposit or budgeted for deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied pursuant to Section 6 may be reduced to the extent and by the amount of the Surplus Revenues then on deposit in the Interest and Sinking Fund or budgeted for deposit therein.

The Mayor of the City Council of the City and the City Secretary of the City are hereby ordered to do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay such items of principal and interest.

**Section 8. DEFEASANCE OF CERTIFICATES.** (a) Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Certificate") within the meaning of this Ordinance, except to the extent provided in subsections (c) and (e) of this Section 8, when payment of the principal of such Certificate, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) 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 the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to 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 or an eligible trust company or commercial bank for the payment of its services until all Defeased Certificates shall have become due and payable or (3) any combination of (1) and (2). At such time as a Certificate shall be deemed to be a Defeased Certificate hereunder, as aforesaid, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Certificate as aforesaid when proper notice of redemption of such Certificates shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Ordinance. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the City Council of the City also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in



possession of the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section which is not required for the payment of such Certificate and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the City Council of the City.

(c) Notwithstanding any provision of any other Section of this Ordinance which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Certificates and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Certificates 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 Certificates shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Certificates 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 this Ordinance.

(d) Notwithstanding anything elsewhere in this Ordinance, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section for the payment of Certificates and such Certificates shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Certificate affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Certificate to be paid at its maturity, the City retains the right under Texas law to later call that Defeased Certificate for redemption in accordance with the provisions of this Ordinance, the City may call such Defeased Certificate for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Certificate as though it was being defeased at the time of the exercise of the option to redeem the Defeased Certificate and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Certificate.

As used in this Section, "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 of the City 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 Certificates are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (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 of the City 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 Certificates, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent. "Federal Securities" as used herein means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

**Section 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES.** (a) Replacement Certificates. In the event any outstanding Certificate is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new certificate of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Certificate, in replacement for such Certificate in the manner hereinafter provided.

(b) Application for Replacement Certificates. Application for replacement of damaged, mutilated, lost, stolen or destroyed Certificates shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Certificate, the Registered Owner applying for a replacement certificate shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Certificate, the Registered Owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Certificate, as the case may be. In every case of damage or mutilation of a Certificate, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Certificate so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Certificates shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Certificates, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Certificate) instead of issuing a replacement Certificate, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Certificates. Prior to the issuance of any replacement certificate, the Paying Agent/Registrar shall charge the Registered Owner of such Certificate with all legal, printing, and other expenses in connection therewith. Every replacement Certificate issued pursuant to the provisions of this Section by virtue of the fact that any Certificate is lost, stolen or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen or destroyed Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates duly issued under this Ordinance.

(e) Authority for Issuing Replacement Certificates. In accordance with Subchapter B of Chapter 1206, Texas Government Code, this Section 9 of this Ordinance shall constitute authority for the issuance of any such replacement Certificate without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Certificate is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificate in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for the Certificates issued in conversion and exchange for other Certificates.

**Section 10. CUSTODY, APPROVAL, AND REGISTRATION OF THE CERTIFICATE; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED.** The Mayor of the City

Council of the City is hereby authorized to have control of the Certificate initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificate pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificate said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificate, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel and the assigned CUSIP numbers, if any, may, at the option of the City, be printed on the Certificate issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Certificate. In addition, if bond insurance is obtained, the Certificate may bear an appropriate legend as provided by the insurer.

**Section 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE CERTIFICATES.** (a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Certificates as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Certificates or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the Certificates or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Certificates, in contravention of section 141(b)(2) of the Code;

(3) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Certificates or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(4) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Certificates (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(5) to refrain from taking any action which would otherwise result in the Certificates being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(6) to refrain from taking any action that would result in the Certificates being "federally guaranteed" within the meaning of section 149(b) of the Code;

(7) to refrain from using any portion of the proceeds of the Certificates, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Certificates, other than investment property acquired with --

(A) proceeds of the Certificates invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Certificates;

(8) to otherwise restrict the use of the proceeds of the Certificates or amounts treated as proceeds of the Certificates, as may be necessary, so that the Certificates do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificates) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Certificates have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(10) to assure that the proceeds of the Certificates will be used solely for new money projects.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) [and] proceeds of the refunded bonds expended prior to the date of issuance of the Certificates. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the

Certificates, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Certificates, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the City Manager or Director of Finance to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates. This Ordinance is intended to satisfy the official intent requirements set forth in Section 1.150-2 of the Treasury Regulations.

(d) Allocation Of, and Limitation On, Expenditures for the Project. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The City recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Certificates, or (2) the date the Certificates are retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Certificates. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The City covenants that the property constituting the projects financed with the proceeds of the Certificates will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Certificates. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Written Procedures. Unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the City hereby adopts and establishes the instructions attached hereto as Exhibit "A" as their written procedures for the Certificates and any other tax-exempt debt or obligation outstanding or hereafter issued.

**Section 12. SALE OF CERTIFICATES.** The Certificates are hereby sold to the bidder whose bid produced the lowest net effective interest rate, pursuant to the taking of public bids therefor, on this date, and shall be delivered to a syndicate of the purchaser represented by Jefferies LLC (the "Purchaser") at a price of \$38,199,209.22, representing the par amount of the

Certificates, plus a reoffering premium of \$2,121,489.55, less an underwriter's discount of \$242,280.33. The Certificates shall initially be registered in the name of Cede & Co.

**Section 13. DEFAULT AND REMEDIES.**

(a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default: (i) the failure to make payment of the principal of or interest on any of the Certificates when the same becomes due and payable; or (ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Certificates, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the City.

(b) Remedies for Default. (i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City, or any official, officer or employee of the City in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies; (ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Certificates then outstanding.

(c) Remedies Not Exclusive. (i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance. (ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy. (iii) By accepting the delivery of a Certificate authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the City or the City Council. (iv) None of the members of the City Council, nor any other official or officer, agent, or employee of the City, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of this Ordinance, or because of any Event of Default or alleged Event of Default under this Ordinance.

**Section 14. ESTABLISHMENT OF CONSTRUCTION FUND AND INTEREST EARNINGS.** (a) Construction Fund. A special fund or account, to be designated the City of Bastrop Series 2024 Certificate of Obligation Construction Fund (the "2024 Construction Fund") is hereby created and shall be established and maintained by the City at a depository bank of the City. The 2024 Construction Fund shall be kept separate and apart from all other funds and accounts of the City. The Construction Fund and the Interest and Sinking Fund shall be invested in accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, and the City's Investment Policy.

(b) Interest Earnings. Interest earnings derived from the investment of proceeds from the sale of the Certificates shall be used along with the Certificate proceeds for the purpose for which the Certificates are issued as set forth in Section 1 hereof or to pay principal or interest payments on the Certificates; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

**Section 15. APPROVAL OF OFFICIAL STATEMENT.** The City hereby approves the form and content of the Official Statement relating to the Certificates and any addenda, supplement or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Certificates by the Purchaser in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement dated August 27, 2024 prior to the date hereof is confirmed, approved and ratified. The City Council hereby finds and determines that the Preliminary Official Statement and final Official Statement were "deemed final" (as that term is defined in 17 CFR Section 240.15c(2)-12) as of their respective dates.

**Section 16. APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT.** Attached hereto as Exhibit "B" is a substantially final form of the Paying Agent/Registrar Agreement with an attached Blanket Issuer Letter of Representation. The Mayor of the City Council of the City is hereby authorized to amend, complete or modify such agreement as necessary and is further authorized to execute such agreement and the City Secretary is hereby authorized to attest such agreement.

**Section 17. CONTINUING DISCLOSURE UNDERTAKING.** (a) Annual Reports. The City shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, (i) within six months after the end of each fiscal year of the City ending in or after 2024, financial information and operating data, which information and data may be unaudited, with respect to the City of the general type included in the final Official Statement authorized by Section 15 of this Ordinance, being the information described in Exhibit "C" hereto and (ii) if not provided as part of such financial information and operating data, audited financial statements of the City, within twelve months after the end of each fiscal year of the City ending in or after 2024. Any financial statements to be so provided shall be (1) prepared in accordance with the accounting principles described in Exhibit "A" hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and

(2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide unaudited financial statements within such period, and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet web site or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

- (b) Event Notices. The City shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Certificates:
  - A. Principal and interest payment delinquencies;
  - B. Non-payment related defaults, if material within the meaning of the federal securities laws;
  - C. Unscheduled draws on debt service reserves reflecting financial difficulties;
  - D. Unscheduled draws on credit enhancements reflecting financial difficulties;
  - E. Substitution of credit or liquidity providers, or their failure to perform;
  - F. 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 Certificates, or other events affecting the tax status of the Certificates
  - G. Modifications to rights of holders of the Certificates, if material within the meaning of the federal securities laws;
  - H. Certificate calls, if material within the meaning of the federal securities laws;
  - I. Defeasances;



- J. Release, substitution, or sale of property securing repayment of the Certificates, if material within the meaning of the federal securities laws;
- K. Rating changes;
- L. Bankruptcy, insolvency, receivership or similar event of the City;
- M. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; and
- N. Appointment of a successor or additional trustee or the change of name of a trustee, if material within the meaning of the federal securities laws;
- O. Incurrence of a Financial Obligation of the City, 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
- P. 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.

The City shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Section 12.02 of this Ordinance that causes the Certificates no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City hereby agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The provisions of this Section may be amended by the City 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, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates consents to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Certificates. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

**Section 19. NO RECOURSE AGAINST CITY OFFICIALS.** No recourse shall be had for the payment of principal of or interest on the Certificates or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Certificates.

**Section 20. FURTHER ACTIONS.** The officers and employees of the City are hereby authorized, empowered and directed from time to time and at any time to do and perform all such

acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificates, the initial sale and delivery of the Certificates, the Paying Agent/Registrar Agreement, and any insurance commitment letter or insurance policy. In addition, prior to the initial delivery of the Certificates, the Mayor, the City Secretary, the City Manager or Assistant City Manager, the City Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy requirements of any bond insurer, or (iii) obtain the approval of the Certificates by the Attorney General's office.

In case any officer of the City whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

**Section 21. INTERPRETATIONS.** All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Certificates and the validity of the lien on and pledge to secure the payment of the Certificates.

**Section 22. INCONSISTENT PROVISIONS.** All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provisions of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

**Section 23. INTERESTED PARTIES.** Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City and the Registered Owners of the Certificates, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the registered owners of the Certificates.

**Section 24. INCORPORATION OF RECITALS.** The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

**Section 25. REPEALER.** All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

**Section 26. SEVERABILITY.** The provisions of this Ordinance are severable; and in case any one or more of the provisions of this Ordinance or the application thereof to any person or circumstance should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, the remainder of this Ordinance nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

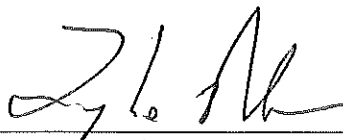
**Section 27. PERFECTION.** Chapter 1208, Government Code, applies to the issuance of the Certificates and the pledge of ad valorem taxes and revenues granted by the City under Sections 6 and 7 of this Ordinance, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are outstanding and unpaid such that the pledge of ad valorem taxes and revenues granted by the City under Sections 6 and 7 of this Ordinance is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Certificates the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

**Section 28. EFFECTIVE DATE.** This Ordinance shall become effect immediately from and after its passage on first and final reading in accordance with Section 1201.028, Texas Government Code, as amended.

**Section 29. NO PERSONAL LIABILITY.** No covenant or agreement contained in the Certificates, this Ordinance or any corollary instrument shall be deemed to be the covenant or agreement of any member of the City Council or any officer, agent, employee or representative of the City Council in his individual capacity, and neither the directors, officers, agents, employees or representatives of the City Council nor any person executing the Certificates shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountability by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Certificates.

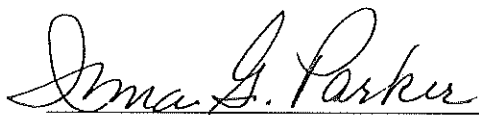
**Section 30. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATE; BOND COUNSEL'S OPINION; AND CONTINGENT INSURANCE PROVISION, IF OBTAINED.** The Mayor of the City is hereby authorized to have control of the Certificate initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificate pending its delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificate said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificate, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel, at the option of the City, be printed on the Certificate issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owner of the Certificate. In addition, if bond insurance is obtained, the Certificate may bear an appropriate legend as provided by the insurer.

IN ACCORDANCE WITH SECTION 1201.028, Texas Government Code, passed and approved on the final reading on the 10th day of September, 2024.



\_\_\_\_\_  
Mayor, City of Bastrop, Texas

ATTEST:



\_\_\_\_\_  
City Secretary, City of Bastrop, Texas



[Signature Page]

## EXHIBIT "A"

### **WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS**

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds, Notes, Certificates, Leases or other Obligations now or hereafter outstanding as having the interest on such debt exempt from Federal income taxes of the debt holder (the "Obligations") the Issuer's City Manager or Director of Finance (the "Responsible Person") will, as applicable to each issuance of Obligations:

- instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Obligations will be entered into within 6 months of the Issue Date;
- monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of any facilities are expended within 3 years of the date of delivery of the Obligations ("Issue Date");
- restrict the yield of the investments to the yield on the Obligations after 3 years of the Issue Date;
- monitor all amounts deposited into a sinking fund or funds, e.g., the Debt Service Fund/Bond Fund/Interest and Sinking Fund, to assure that the maximum amount invested at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12-month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period;
- ensure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more;
- assure that the maximum amount of any reserve fund for any Obligations invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date;
- monitor the actions of the escrow agent (to the extent an escrow is funded with proceeds) to ensure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;
- maintain any official action of the Issuer (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
- assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least

every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Bonds the Responsible Person will:

- monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- determine whether, at any time the Obligations are outstanding, any person, other than the Issuer, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- determine whether, at any time the Obligations are outstanding, the facilities are sold or otherwise disposed of; and
- take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Order related to the public use of the facilities.

C. Record Retention. The Responsible Persons will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Persons. Each Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed with the proceeds of the Obligations. The foregoing notwithstanding, the Responsible Persons are authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

**EXHIBIT "B"**

**PAYING AGENT/REGISTRAR AGREEMENT**



## EXHIBIT "C"

### DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 17 of this Ordinance.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

- (1) Table 1 - Valuation, Exemptions and General Obligation Debt;
- (2) Table 2 - Valuation and General Obligation Debt History;
- (3) Table 3 - Tax Rate, Levy and Collection History;
- (4) Table 4 - Ten Largest Taxpayers;
- (5) Table 5 – Pro-Forma Ad Valorem Tax Debt Service Requirements;
- (6) Table 7 - Interest and Sinking Fund Budget Projections;
- (7) Table 8 - Authorized but Unissued General Obligation Bonds
- (8) Table 9 - General Fund Revenues and Expenditure History;
- (9) Table 10 - Municipal Sales Tax History;
- (10) Table 11 - Current Investments;
- (11) Appendix B - Excerpts from the City's Annual Financial Report

#### **Accounting Principles**

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in the paragraph above.



## CERTIFICATE FOR ORDINANCE

I, the undersigned City Secretary of the City of Bastrop, Texas, hereby certify as follows:

1. The City Council of said City convened in Regular Session on September 10, 2024, at the regular meeting place thereof, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

Lyle Nelson, Mayor  
John Kirkland, Mayor Pro Tern  
Cheryl Lee, Councilmember  
Cynthia Meyer, Councilmember  
Kevin Plunkett, Councilmember  
Kerry Fossler, Councilmember

and all of said persons were present; thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written Ordinance entitled

**ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF BASTROP, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024; LEVYING AN AD VALOREM TAX AND PLEDGING CERTAIN SURPLUS REVENUES IN SUPPORT OF THE CERTIFICATES; APPROVING AN OFFICIAL STATEMENT, A PAYING AGENT/REGISTRAR AGREEMENT AND OTHER AGREEMENTS RELATING TO THE SALE AND ISSUANCE OF THE CERTIFICATES; AND ORDAINING OTHER MATTERS RELATING TO THE ISSUANCE OF THE CERTIFICATES**

was duly introduced for consideration of said City Council. It was then duly moved and seconded that said Ordinance be passed; and, after due discussion, said motion, carrying with it the passage of said Ordinance, prevailed and carried by the following vote:

AYES: 5                      NOES: 0                      ABSTENTIONS: 0

2. A true, full and correct copy of the aforesaid Ordinance passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Ordinance has been duly recorded in the official minutes of said City Council; the above and foregoing paragraph is a true, full and correct excerpt from said minutes of said meeting pertaining to the passage of said Ordinance; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said Ordinance, were the duly chosen, qualified and acting officers and members of said City Council as indicated therein; each of said officers and members was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting and that said Ordinance would be introduced and considered for passage at said meeting, and each of said officers and members consented in advance to the holding of said meeting for such purpose; and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Tex. Gov't Code Ann., ch. 551.

SIGNED AND SEALED this September 10, 2024.



*Irma G. Parker*

Irma G. Parker, City Secretary  
City of Bastrop, Texas

**GENERAL AND NO-LITIGATION CERTIFICATE**

<b>THE STATE OF TEXAS</b>	§
<b>COUNTY OF BASTROP</b>	§
<b>CITY OF BASTROP</b>	§

We, the undersigned officials of the City, hereby certify as follows:

**GENERAL**

1. This certificate is executed for and on behalf of the City, for the benefit of the Attorney General of the State of Texas in connection with the issuance of the Certificates. The words and terms used herein shall have the meanings whenever they are used given in Exhibit "A" attached hereto.

2. Any certificate signed by an official of the City delivered to the Attorney General of the State of Texas shall be deemed a representation and warranty by the City as to the statement made therein. The Public Finance Division of the Office of the Attorney General of the State of Texas is hereby authorized to date this certificate as of the date of approval of the Certificates and is entitled to rely upon the accuracy of the information contained herein unless notified by telephone or fax to the contrary. The Comptroller of Public Accounts is further authorized to register the Certificates upon receipt of the Attorney General approval. After registration, the Certificates, opinions and registration papers shall be delivered to J. Bart Fowler at McCall, Parkhurst & Horton L.L.P.

**MATTERS RELATING TO THE CITY**

3. The City is a duly incorporated Home Rule City, having more than 5,000 inhabitants operating under the Constitution of the State of Texas and the duly adopted Home Rule Charter of the City. The Charter has not been amended since the date of the approval by the Attorney General of the State of Texas of the most recently issued series of outstanding obligations of the City.

4. We officially executed and signed the Certificates with our manual signatures or by causing facsimiles of our manual signatures to be imprinted or copied on the Certificates, and, if appropriate, we hereby adopt said facsimile signatures as our own, respectively, and declare that the facsimile signatures constitute our signatures the same as if we had manually signed the Certificates.

5. The Certificates are substantially in the form, and have been duly executed and signed in the manner prescribed in the Ordinance.

6. At the time we so executed and signed the Certificates we were, and at the time of executing this certificate we are, the duly chosen, qualified and acting officers indicated therein, and authorized to execute the same.

7. No litigation of any nature has been filed or is now pending to restrain or enjoin the issuance or delivery of the Certificates, or which would affect the provision made for their payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Certificates, and that so far as we know and believe no such litigation is threatened.

8. Neither the corporate existence nor boundaries of the City is being contested, no litigation has been filed or is now pending which would affect the authority of the officers of the City to issue, execute, sign, and deliver the Certificates, and no authority or proceedings for the issuance of the Certificates have been repealed, revoked or rescinded.

9. We have caused the official seal of the City to be impressed, or printed, or copied on the Certificates and said seal on the Certificates has been duly adopted as, and is hereby declared to be, the official seal of the City.

10. The currently outstanding tax debt of the City and the proposed Certificates is set forth in Exhibit "B" attached hereto.

11. The gross revenues, operating expenses and net revenues of the City's waterworks and waste water system was, for the years stated, and the rates currently being charged by the City for water and waste water services are, as shown on Exhibit "C" attached hereto.

12. The true and correct schedule showing the annual debt service requirements of all the outstanding tax indebtedness of the City, together with the proposed Certificates, is set forth in Exhibit "D" hereto.

13. The currently effective ad valorem tax rolls of the City are those for the year 2024, being the most recently approved tax rolls of the City; that the taxable property in the City has been assessed as required by law; that the Tax Assessor of the City has duly verified the aforesaid tax rolls, and that the assessed value of taxable property in the City upon which the annual ad valorem tax of the City has been levied (after deducting the amount of all exemptions, if any, taken or required to be given under the Constitution and laws of the State of Texas), according to the aforesaid tax rolls for said year and finally approved and recorded by the City Council of the City, is \$1,827,955,103.

14. No default exists in connection with the payment of principal and interest on any of the City's outstanding obligations.

15. All meetings of the City have been open to the public and notice of the time, place, and subject of each such meeting was given as required by Chapter 551, Government Code, as amended.

16. The City has received all required disclosure filings under Section 2252.908 of the Texas Government Code in connection with the authorization and issuance of the Certificates and has acknowledged receipt of such filings with the Texas Ethics Commission ("TEC") in accordance with the TEC's rules.

17. The City verifies that, pursuant to Section 2271.002 of the Texas Government Code, that all contracts with a company (as such term is defined in Section 808.001 of the Texas Government Code) within the transcript of proceedings for the Certificates, includes a written verification that such company (1) does not "Boycott Israel" (as such term is defined in Section 808.001 of the Texas Government Code) and (2) will not Boycott Israel during the term of the such respective contract.

With respect to the contracts contained within the transcript of proceedings that are subject to Section 2252.152, Texas Government Code, the City has verified, as of the date of execution, none of the counter parties to those contracts are listed as scrutinized companies with business operations in Sudan or Iran or that engage in scrutinized business operations with foreign terrorist organizations, or are companies known to have contracts with or provide supplies or services to a "foreign terrorist organization" or "designated foreign terrorist organization" on the lists prepared and maintained pursuant to Texas Government Code Sections 2270.0201 or 2252.153.

18. The proceeds from the issuance of the Obligations will not be used for a purpose previously rejected by the City's voters in a bond election held during the preceding three years.

19. The City verifies that Exhibit "E" attached hereto was published continuously on June 14, 2024, on the City's website for at least 45 days before the date tentatively set for the passage of the Ordinance.

20. All purposes being financed with proceeds from the Certificates will be owned and operated by the Issuer.

21. As of the date hereof, the members of the Council and certain other officers of the City are as follows:

Lyle Nelson, Mayor  
John Kirkland, Mayor Pro Tem  
Cheryl Lee, Councilmember  
Cynthia Meyer, Councilmember  
Kevin Plunkett, Councilmember  
Kerry Fossler, Councilmember

Victoria Psencik, Asst. City Secretary

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SIGNED AND SEALED this DO NOT DATE

Ima G. Parker  
City Secretary

Zyl M  
Mayor

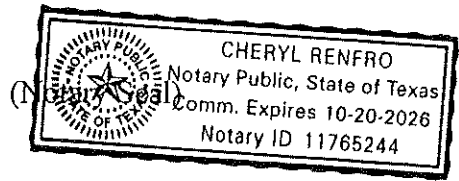


NOTARY ACKNOWLEDGMENT

Before me, on this day personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this September 11, 2024

[Signature]  
Notary Public





**EXHIBIT A**  
**DEFINITIONS**

*Certificates* City of Bastrop, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024 in the aggregate principal amount of \$36,320,000, dated September 26, 2024.

*City* City of Bastrop, Texas.

*City Council* The City Council of Bastrop, Texas.

*Ordinance* An Ordinance of the City Council of the City of Bastrop, Texas, Authorizing the Issuance and Sale of City of Bastrop, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2024; Providing for the Security for and Payment of Said Certificates; Prescribing the Form of Said Certificates; Awarding the Sale Thereof; Approving the Paying Agent/Registrar Agreement, and the Official Statement; and Enacting Other Provisions Relating to the Subject

*Purchaser* Jefferies, LLC

**EXHIBIT B**

**OUTSTANDING TAX INDEBTEDNESS**

**Bonds in Process of Issuance**

Combination Tax and Revenue Certificates of Obligation, Series 2024..... \$36,320,000

**Outstanding Tax Debt**

General Obligation Bonds, Series 2005.....	175,000
Combination Tax and Revenue Certificate of Obligation, Series 2006.....	70,000
General Obligation Bond, Series 2006 .....	50,000
Combination Tax and Revenue Certificate of Obligation, Series 2007.....	495,000
General Obligation Bond, Series 2007 .....	260,000
Combination Tax and Revenue Certificates of Obligation, Series 2014 .....	2,595,000
General Obligation Refunding Bonds, Series 2014.....	1,645,000
General Obligation Refunding Bonds, Series 2016.....	1,280,000
General Obligation Refunding Bonds, Series 2017.....	3,160,000
Combination Tax and Revenue Certificates of Obligation, Series 2018 .....	3,325,000
Limited Tax Notes, Series 2019 .....	265,000
Combination Tax and Revenue Certificates of Obligation, Series 2020.....	2,115,000
General Obligation Refunding Bonds, Series 2020.....	230,000
Limited Tax Notes, Series 2020 .....	850,000
General Obligation Refunding Bonds, Series 2021 .....	2,350,000
General Obligation Refunding Bonds, Taxable Series 2021A .....	10,105,000
Combination Tax and Revenue Certificates of Obligation, Series 2021 .....	34,040,000
Combination Tax and Revenue Certificates of Obligation, Series 2022.....	3,005,000
Combination Tax and Revenue Certificates of Obligation, Series 2023.....	39,045,000
Total .....	<u>\$141,380,000*</u>

**EXHIBIT C**

A. Gross revenues, operating expenses and net revenues of the City's waterworks and sanitary sewer system:

<b>Fiscal Year Ended 9/30</b>	<b>Gross Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenues</b>
2021	\$15,232,325	\$13,003,362	\$2,228,963
2022	\$16,059,804	\$14,817,932	\$1,241,872
2023	\$19,826,369	\$17,832,814	\$1,993,555

B. Monthly Water and Sewer Rates: See Attached

**EXHIBIT D**  
**DEBT SERVICE SCHEDULE**

**EXHIBIT E**  
**CITY WEBSITE POSTING**



**CERTIFICATE FOR RESOLUTION**

**THE STATE OF TEXAS           §**  
**COUNTY OF BASTROP         §**  
**CITY OF BASTROP           §**

I, the undersigned City Secretary of the City of Bastrop, Texas, hereby certify as follows:

1. The City Council of said City convened in Regular Session on June 11, 2024, at the regular meeting place thereof, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

Lyle Nelson, Mayor  
John Kirkland, Mayor Pro Tem  
Cheryl Lee, Councilmember  
Cynthia Meyer, Councilmember  
Kevin Plunkett, Councilmember  
Kerry Fossler, Councilmember

and all of said persons were present, except for the following: none; thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written Resolution entitled

**RESOLUTION AUTHORIZING PROCEEDING WITH ISSUANCE OF CERTIFICATES OF OBLIGATION AND FURTHER DIRECTING THE PUBLICATION OF NOTICE OF INTENTION TO ISSUE CITY OF BASTROP, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION**

was duly introduced for consideration of said City Council. It was then duly moved and seconded that said Resolution be passed; and, after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried by the following vote:

AYES: 6           NOES: 0           ABSTENTIONS: 0

2. A true, full and correct copy of the Resolution passed at the Meeting described in the above and foregoing paragraphs is attached to and follows this Certificate; that the Resolution has been duly recorded in the City Council's minutes of the Meeting; that the above and foregoing paragraphs are a true, full and correct excerpt from the City Council's minutes of the Meeting pertaining to the passage of the Resolution; that the persons named in the above and foregoing paragraphs are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; that each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the Meeting, and that the Resolution would be introduced and considered for passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose, and that the Meeting were open to the public and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED this June 11, 2024.



*Imma G. Parker*  
\_\_\_\_\_  
City Secretary, City of Bastrop, Texas



**RESOLUTION NO. R-2024-70**

**RESOLUTION AUTHORIZING PROCEEDING WITH ISSUANCE OF  
CERTIFICATES OF OBLIGATION AND FURTHER DIRECTING THE  
PUBLICATION OF NOTICE OF INTENTION TO ISSUE CITY OF  
BASTROP, TEXAS COMBINATION TAX AND REVENUE  
CERTIFICATES OF OBLIGATION**

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**THE STATE OF TEXAS           §  
COUNTY OF BASTROP       §  
CITY OF BASTROP           §**

**WHEREAS**, the City Council (the "Council") of the City of Bastrop, Texas (the " City ") has determined it to be in the City 's best interest to issue certificates of obligation for paying all or a portion of the City's contractual obligations incurred or to be incurred for constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City's: (1) water and waste water system, and (2) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates (collectively the "Project"); and

**WHEREAS**, the Council has deemed it advisable to give notice of intention to issue the Certificates in a maximum principal amount not to exceed \$38,000,000 pursuant to the provisions of the Certificate of Obligation Act of 1971, Section 271.041 et seq., Local Government Code, as amended (the "Act"), for the purpose of financing the Project; and

**WHEREAS**, prior to the issuance of the Certificates, the Council is required under Section 271.041 et seq., Local Government Code to publish notice of its intention to issue the Certificates in a newspaper of general circulation in the City and on the City's internet website, the notice stating: (i) the time and place tentatively set for the passage of the order authorizing the issuance of the Certificates, (ii) the maximum amount and purpose of the Certificates to be authorized; (iii) the manner in which the Certificates will be paid, (iv) the then-current principal of all outstanding debt obligations of the City; (v) the then-current combined principal and interest required to pay all outstanding debt obligations of the issuer on time and in full; (vi) the maximum principal amount of the Certificates to be authorized; (vii) the estimated combined principal and interest required to pay the Certificates to be authorized on time and in full; (viii) the estimated interest rate for the Certificates to be authorized or that the maximum interest rate for the Certificates may not exceed the maximum legal interest rate; and (ix) the maximum maturity date of the Certificates to be authorized.; and

**WHEREAS**, the meeting at which this Resolution is adopted was open to the public and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Government Code, as amended.

**THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS:**

1. Attached hereto is a form of the Notice of Intention to Issue the Certificates, the form and substance of which is hereby adopted and approved.

2. The City Secretary shall cause said notice to be published in substantially the form attached hereto, in a newspaper, as defined by Subchapter C, Chapter 2051, Texas Government Code, of general circulation in the area of the City, once a week for two consecutive weeks, the date of the first publication thereof to be before the 45th day before the date tentatively set for the passage of the ordinance authorizing the issuance of the Certificates.

3. Further, said notice shall be continuously published in substantially the form attached hereto on the City's website for at least 45 days before the date tentatively set for passage of the ordinance authorizing the issuance of the Certificates.

4. This Resolution shall become effective immediately upon adoption. The City Secretary is hereby authorized and directed to execute the certificate to which this Resolution is attached on behalf of the City and the Mayor, City Secretary, the City Manager and Director of Finance are further authorized to do any and all things proper and necessary to carry out the intent of this Resolution including approving appropriate changes to the notice and approving the final form of any Preliminary Official Statement for distribution to the market in connection with the sale of the Certificates.

5. The City hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of each series of the obligations being issued or (ii) \$9,500 per series, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the City's staff is hereby instructed to take the necessary measures to make this payment. The City is also authorized to reimburse the appropriate City funds for such payment from proceeds of the obligations.

[Execution Page Follows]

PASSED, APPROVED AND EFFECTIVE THIS JUNE 11, 2024.

*Isma G. Parker*  
\_\_\_\_\_  
City Secretary, City of Bastrop, Texas

*[Signature]*  
\_\_\_\_\_  
Mayor, City of Bastrop, Texas

[SEAL]





## PAYING AGENT/REGISTRAR AGREEMENT

**THIS AGREEMENT** entered into as of September 26, 2024 (this "Agreement"), by and between the City of Bastrop, Texas (the "Issuer"), and Regions Bank (the "Bank").

### RECITALS

**WHEREAS**, the Issuer has duly authorized and provided for the issuance of its \$36,320,000 City of Bastrop, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024, (the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

**WHEREAS**, the Securities are scheduled to be delivered to the initial purchasers thereof on or about September 26, 2024; and

**WHEREAS**, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

**WHEREAS**, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

**NOW, THEREFORE**, it is mutually agreed as follows:

### ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

#### **Section 1.01. Appointment.**

The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Ordinance" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of the Securities and with respect to the transfer and exchange thereof as provided herein and in the "Ordinance."

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

**Section 1.02. Compensation.**

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule "A" attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for political subdivisions, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

**ARTICLE TWO  
DEFINITIONS**

**Section 2.01. Definitions.**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"Bank Office" means the designated office for payment of the Bank as indicated on the signature page hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Issuer Request" and "Issuer Ordinance" means a written request or resolution signed in the name of the Issuer by the System Representative, as defined in the Ordinance, any one or more of said officials, delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Ordinance" means the orders, ordinances or resolutions of the governing body of the Issuer pursuant to which the Securities are issued, certified by the City Secretary of the Issuer or any other officer of the Issuer and delivered to the Bank.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Ordinance).

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Ordinance on which the principal of a Security is scheduled to be due and payable.

#### **Section 2.02. Other Definitions.**

The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

Any other terms not defined herein, shall have the meaning given to them in the Ordinance, unless the context otherwise requires.

### **ARTICLE THREE PAYING AGENT**

#### **Section 3.01. Duties of Paying Agent.**

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, date of redemption, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first-class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

**Section 3.02. Payment Dates.**

The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Ordinance.

**Section 3.03 Reporting Requirements.**

To the extent required by the Internal Revenue Code of 1986 and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto, the Bank shall report, or assure that a report is made to the Holder and the Internal Revenue Service, any amount of acquisition premium, interest paid on, original issue discount or adjusted basis of the Security.

**ARTICLE FOUR  
REGISTRAR**

**Section 4.01. Security Register - Transfers and Exchanges.**

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register"), and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. The Bank also agrees to keep a copy of the Security Register within the State of Texas. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.



The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

**Section 4.02. Certificates.**

The Issuer shall provide an adequate inventory of printed Securities certificates to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities certificates will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities certificates in safekeeping, which shall be not less than the level of care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that it maintains for its own securities.

**Section 4.03. Form of Security Register.**

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

**Section 4.04. List of Security Holders.**

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order or other notice of a legal proceeding and prior to the release or disclosure of any of the contents of

the Security Register, the Bank will notify the Issuer so that the Issuer may contest the same or such release or disclosure of the contents of the Security Register.

**Section 4.05. Return of Cancelled Certificates.**

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

**Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.**

The Issuer hereby instructs the Bank, subject to the applicable provisions of the Ordinance, to deliver and issue Securities certificates in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

**Section 4.07. Transaction Information to Issuer.**

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities certificates it has paid pursuant to Section 3.01, Securities certificates it has delivered upon the transfer or exchange of any Securities certificates pursuant to Section 4.01, and Securities certificates it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates pursuant to Section 4.06.

**ARTICLE FIVE  
THE BANK**

**Section 5.01. Duties of Bank.**

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the securities in the manner disclosed in the closing memorandum approved by the Issuer as

prepared by the Issuer's financial advisor or other agent. The Bank may act on a facsimile transmission of the closing memorandum to be followed by an original of the closing memorandum signed by the financial advisor or the Issuer.

**Section 5.02. Reliance on Documents, Etc.**

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Issuer.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proven that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities certificates containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

(e) The Bank may consult with legal counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon, provided that any such written advice or opinion is supplied to the Issuer by the Bank.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

**Section 5.03. Recitals of Issuer.**

The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

**Section 5.04. May Hold Securities.**

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

**Section 5.05. Moneys Held by Bank.**

If the Bank is not the sole holder of all of the Securities, the Bank shall deposit any moneys received from the Issuer into a segregated account to be held by the Bank solely for the benefit of the owners of the Securities to be used solely for the payment of the Securities, with such moneys in the account that exceed the deposit insurance available to the Issuer by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for such accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such account shall be made by check drawn on such account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Security shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

**Section 5.06. Indemnification.**

To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on the Bank's part, arising out of or in connection with the Bank's acceptance or administration of its duties hereunder, including the cost and expense incurred by the Bank in defending against any claim or from liability imposed on the Bank in connection with the Bank's exercise or performance of any of its powers or duties under this Agreement.

**Section 5.07. Interpleader.**

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State of Texas and County where either the Bank Office or the

administrative offices of the Issuer are located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

**Section 5.08. Depository Trust Company Services.**

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Attached hereto as Exhibit "A" is the Blanket Issuer Letter of Representations with the Depository Trust Company in connection with the book-entry-only system for the securities.

**Section 5.09. Verifications of Statutory Representations and Covenants.**

The Paying Agent/Registrar 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 Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Paying Agent/Registrar within the meaning of Securities and Exchange Commission 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 Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

(a) Not a Sanctioned Company. The Paying Agent/Registrar 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 the Paying Agent/Registrar 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.

(b) No Boycott of Israel. The Paying Agent/Registrar 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 Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(c) **No Discrimination Against Firearm Entities.** The Paying Agent/Registrar 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 Agreement. 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.

(d) **No Boycott of Energy Companies.** The Paying Agent/Registrar 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 Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

## **ARTICLE SIX MISCELLANEOUS PROVISIONS**

### **Section 6.01. Amendment.**

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

### **Section 6.02. Assignment.**

This Agreement may not be assigned by either party without the prior written consent of the other.

### **Section 6.03. Notices.**

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

### **Section 6.04. Effect of Headings.**

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

### **Section 6.05. Successors and Assigns.**

All covenants and agreements herein by the Issuer and the Bank shall bind their respective successors and assigns, whether so expressed or not.

**Section 6.06. Severability.**

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 6.07. Benefits of Agreement.**

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

**Section 6.08. Entire Agreement.**

This Agreement and the Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Ordinance, the Ordinance shall govern.

**Section 6.09. Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

**Section 6.10. Termination.**

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon thirty (30) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02, 5.02, 5.03 and 5.06 of this Agreement shall survive and remain in full force and effect following the termination of this Agreement.

**Section 6.11. Governing Law.**

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[The remainder of this page is intentionally left blank.]



**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the day and year first above written.

**REGIONS BANK**

By: \_\_\_\_\_

Title: \_\_\_\_\_

3773 Richmond Avenue, Suite 1100  
Houston, Texas 77046

**EXHIBIT A**

**BLANKET LETTER OF REPRESENTATION**

Please see attached

Exhibit A-1

**SCHEDULE A**  
**PAYING AGENT/REGISTRAR FEE SCHEDULE**

Please see attached

Schedule A-1



9-25-24 |  
Date Time  
By Chavez

OFFICIAL STATEMENT

Dated September 10, 2024

Ratings:  
S&P: "AA"  
(See "OTHER INFORMATION - Rating" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates 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.



\$36,320,000  
CITY OF BASTROP, TEXAS  
(A political subdivision of the State of Texas located in Bastrop County)  
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

Dated Date: September 26, 2024

Due: August 1, as shown on the inside cover page

Interest to accrue from the Date of Initial Delivery (defined herein)

**PAYMENT TERMS . . .** Interest on the \$36,320,000 City of Bastrop, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates") will accrue from the Date of Initial Delivery, will be payable on February 1 and August 1 of each year commencing February 1, 2025 until maturity or prior 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, defined below, 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 CERTIFICATES - BOOK-ENTRY-ONLY SYSTEM"). The initial Paying Agent/Registrar is Regions Bank, Houston, Texas (see "THE CERTIFICATES - 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 (the "Certificate of Obligation Act"), and Chapter 1502, Texas Government Code, as amended. The Certificates constitute direct obligations of the City of Bastrop, Texas (the "City"), payable from a continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and a limited pledge of the surplus revenues of the City's water and sewer system (not to exceed \$1,000) as provided in the ordinance authorizing the issuance of the Certificates (the "Ordinance") (see "THE CERTIFICATES - AUTHORITY FOR ISSUANCE" and "THE CERTIFICATES - SECURITY AND SOURCE OF PAYMENT").

**PURPOSE . . .** Proceeds from the sale of the Certificates will be used for (1) constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City's water and wastewater system and (2) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates.

CUSIP PREFIX: 070321  
MATURITY SCHEDULE  
See the Inside Cover Page

**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem Certificates maturing on and after August 1, 2034, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES - OPTIONAL REDEMPTION"). Additionally, the Certificates maturing on August 1 in the years 2045, 2047 and 2049 (the "Term Certificates" are subject to mandatory sinking fund redemption (see "THE CERTIFICATES - MANDATORY SINKING FUND REDEMPTION").

**LEGALITY . . .** The Certificates are offered for delivery when, as and if issued and received by the initial purchaser (the "Purchaser") and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas (see "APPENDIX C - FORM OF BOND COUNSEL'S OPINION").

**DELIVERY . . .** Delivery of the Certificates is expected through the facilities of DTC on September 26, 2024 (the "Date of Initial Delivery").

## MATURITY SCHEDULE

Maturity (August 1)	Amount	Rate	Initial Yield	CUSIP Numbers <sup>(1)</sup>
2025	\$1,010,000	5.000%	2.740%	070321UE2
2026	805,000	5.000%	2.720%	070321UF9
2027	845,000	5.000%	2.710%	070321UG7
2028	890,000	5.000%	2.710%	070321UH5
2029	935,000	5.000%	2.690%	070321UJ1
2030	980,000	5.000%	2.760%	070321UK8
2031	1,030,000	5.000%	2.860%	070321UL6
2032	1,080,000	5.000%	2.960%	070321UM4
2033	1,135,000	5.000%	3.020%	070321UN2
2034	1,190,000	5.000%	3.060%	<sup>(2)</sup> 070321UP7
2035	1,250,000	5.000%	3.120%	<sup>(2)</sup> 070321UQ5
2036	1,315,000	5.000%	3.170%	<sup>(2)</sup> 070321UR3
2037	1,380,000	5.000%	3.210%	<sup>(2)</sup> 070321US1
2038	1,450,000	5.000%	3.250%	<sup>(2)</sup> 070321UT9
2039	1,520,000	5.000%	3.330%	<sup>(2)</sup> 070321UU6
2040	1,600,000	5.000%	3.410%	<sup>(2)</sup> 070321UV4
2041	1,675,000	5.000%	3.500%	<sup>(2)</sup> 070321UW2
2042	1,760,000	4.000%	4.000%	070321UX0

**\$5,715,000 4.000% Term Certificates due August 1, 2045 at a Price to Yield 4.050% – 070321VA9<sup>(1)</sup>**  
**\$4,205,000 4.000% Term Certificates due August 1, 2047 at a Price to Yield 4.100% – 070321VC5<sup>(1)</sup>**  
**\$4,550,000 4.000% Term Certificates due August 1, 2049 at a Price to Yield 4.190% – 070321VE1<sup>(1)</sup>**

**(Interest accrues from the Date of Initial Delivery)**

- (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<sup>(c)</sup> 2022 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. None of the City, the Financial Advisor nor the Purchaser or their agent or counsel assume responsibility for the accuracy of such numbers. The CUSIP® number for a specific maturity is subject to being changed after issuance of the Certificates as a result of various subsequent actions including, but not limited to, a refunding in whole or in part, as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Certificates.
- (2) Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on August 1, 2033, the first optional redemption date for such Certificates, at a redemption price of par, plus accrued interest to the redemption date.

No dealer, broker, salesman or other person has been authorized by the City or the Purchaser 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 or the solicitation of an offer to buy Certificates in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

The information set forth or included in this Official Statement has been provided by the City or obtained from other sources believed by the City to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE CERTIFICATES MAY BE CHANGED FROM TIME TO TIME BY THE PURCHASER AFTER THE CERTIFICATES ARE RELEASED FOR SALE, AND THE CERTIFICATES MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE CERTIFICATES INTO INVESTMENT ACCOUNTS.

NEITHER OF THE CITY NOR ITS FINANCIAL ADVISOR 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.

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

## 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 Certificates 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.

<b>THE CITY</b> .....	The City of Bastrop, Texas (the "City") is a political subdivision located in Bastrop County and operating as a home-rule municipality under the laws of the State of Texas. The City was incorporated in 1837. The City is approximately 7.2 square miles in area (see "INTRODUCTION – DESCRIPTION OF THE CITY").
<b>THE CERTIFICATES</b> .....	The Certificates are issued as \$36,320,000 Combination Tax and Revenue Certificates of Obligation, Series 2024. The Certificates are issued as serial Certificates maturing on August 1 in the years 2025 through 2042 and as Term Certificates maturing on August 1 in the years 2045, 2047 and 2049.
<b>PAYMENT OF INTEREST</b> .....	Interest on the Certificates accrues from the Date of Initial Delivery and is payable on February 1, 2025, and each August 1 and February 1 thereafter until maturity or prior redemption (see "THE CERTIFICATES – Description of the Certificates" and "THE CERTIFICATES – OPTIONAL REDEMPTION").
<b>AUTHORITY FOR ISSUANCE</b> .....	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 (the "Certificate of Obligation Act of 1971"), and Chapter 1502, Texas Government Code, as amended, the City's Home Rule Charter and an ordinance to be adopted on the date of sale of the Certificates by the City Council of the City authorizing the Certificates (the "Ordinance") (see "THE CERTIFICATES – AUTHORITY FOR ISSUANCE").
<b>SECURITY</b> .....	The Certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and a limited pledge of surplus revenues of the City's water and sewer system not to exceed \$1,000 as provided in the Ordinance (see "THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT").
<b>REDEMPTION</b> .....	The City reserves the right, at its option, to redeem Certificates maturing on and after August 1, 2034, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – OPTIONAL REDEMPTION"). Additionally, the Certificates maturing on August 1 in the years 2045, 2047 and 2049 (the "Term Certificates" are subject to mandatory sinking fund redemption (see "THE CERTIFICATES – MANDATORY SINKING FUND REDEMPTION").
<b>TAX EXEMPTION</b> .....	In the opinion of Bond Counsel, the interest on the Certificates 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."
<b>USE OF PROCEEDS</b> .....	Proceeds from the sale of the Certificates will be used for (1) constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City's water and wastewater system and (2) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates.
<b>RATING</b> .....	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 presently outstanding tax supported debt of the City is also rated "AA" from Fitch Ratings ("Fitch"). No application has been made to Fitch for a rating on the Certificates. The City also has various issues outstanding which are rated by S&P and Fitch based on municipal bond insurance policies issued by various commercial insurance companies (see "OTHER INFORMATION – RATING").
<b>BOOK-ENTRY-ONLY SYSTEM</b> .....	The definitive Certificates 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 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 CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM").

**PAYMENT RECORD** ..... The City has never defaulted in the payment of its debt.

**SELECTED FINANCIAL INFORMATION**

Fiscal Year Ended 9/30	Estimated City Population <sup>(1)</sup>	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Funded Debt Outstanding at End of Year <sup>(2)</sup>	Funded Debt Per Capita	Ratio of Funded Debt To Taxable Assessed Valuation	% of Total Tax Collections
2020	9,154	\$ 997,550,657	\$ 108,974	\$ 16,577,292	\$ 1,811	1.66%	99.47%
2021	9,242	1,009,682,692	109,249	16,024,925	1,734	1.59%	100.28%
2022	11,060	1,249,559,312	112,980	17,531,813	1,585	1.40%	100.00%
2023	11,690	1,593,450,466	136,309	28,448,181	2,434	1.79%	100.00%
2024	11,789	1,827,955,103	155,056	25,478,509 <sup>(3)</sup>	2,161 <sup>(3)</sup>	1.39% <sup>(3)</sup>	99.86%

(1) Source: The City.

(2) Excludes self-supporting debt. See "Table 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT," footnote 2.

(3) Projected, includes the Certificates.

*[The remainder of this page intentionally left blank.]*

**CITY OFFICIALS, STAFF AND CONSULTANTS**

**ELECTED OFFICIALS**

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>
Lyle Nelson Mayor	1 Year	May 2026
John Kirkland Mayor Pro-Tem	1½ Years	May 2025
Cheryl Lee Councilmember	1½ Years	May 2025
Cynthia Meyer Councilmember	Newly Elected	May 2027
Kevin Plunkett Councilmember	2½ Years	May 2026
Kerry Fossler Councilmember	Newly Elected	May 2027

**APPOINTED OFFICIALS**

<u>Name</u>	<u>Position</u>
Sylvia Carrillo	City Manager
Edi McIlwain	Chief Financial Officer
Irma Parker	City Secretary

**CONSULTANTS AND ADVISORS**

Auditors .....Belt Harris Pechacek, LLLP  
Houston, 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:

Edi McIlwain Chief Financial Officer City of Bastrop 1311 Chestnut Street Bastrop, Texas 78602 (512) 332-8800 (512) 332-8819 Fax	or	Dan Wegmiller Managing Director Specialized Public Finance Inc. 248 Addie Roy Road, Suite B-103 Austin, Texas 78731 (512) 275-7300 (512) 275-7305 Fax
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**OFFICIAL STATEMENT  
RELATING TO  
  
\$36,320,000  
CITY OF BASTROP, TEXAS  
COMBINATION TAX AND REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2024**

**INTRODUCTION**

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$36,320,000 City of Bastrop, Texas Combination Tax and 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 ordinance authorizing the Certificates (the "Ordinance") to be adopted on the date of sale of the Certificates by the City Council of the City of Bastrop, Texas (the "City") except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates 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 Certificates will be submitted to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" 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 of Texas (the "State"), duly organized and existing under the laws of the State. The City was incorporated in 1837. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. For more information regarding the City, see "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY."

**THE CERTIFICATES**

**DESCRIPTION OF THE CERTIFICATES . . .** The Certificates are dated September 26, 2024 and mature on August 1 in each of the years and in the amounts shown on page 2 hereof. Interest on the Certificates will accrue from the Date of Initial Delivery and will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable on February 1 and August 1, commencing February 1, 2025 until maturity or prior redemption. The definitive Certificates 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. **No physical delivery of the Certificates will be made to the 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 "BOOK-ENTRY-ONLY SYSTEM."

**AUTHORITY FOR ISSUANCE . . .** The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1502 Texas Government Code, as amended, the City's Home Rule Charter and the Ordinance.

**SECURITY AND SOURCE OF PAYMENT . . .** All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by 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 Ordinance and a limited pledge of surplus revenue of the City's water 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. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 taxable assessed valuation. Administratively, the Texas Attorney General's office will permit allocation of \$1.50 of the \$2.50 maximum tax rate for ad valorem tax debt.

**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem the Certificates maturing on and after August 1, 2034, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities to be redeemed. If less than all the Certificates of any maturity are to be redeemed,

the Paying Agent/Registrar (or DTC while the Certificates are in book-entry-only form) shall determine by lot the Certificates or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (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.

**MANDATORY SINKING FUND REDEMPTION . . .** The Certificates maturing on August 1 in the years 2045, 2047 and 2049 (the "Term Certificates") are subject to mandatory sinking fund redemption prior to their stated maturity in the following amounts, on the following dates and at a price of par to the date of redemption:

Term Certificate Due August 1, 2045		Term Certificate Due August 1, 2047	
Redemption Date	Principal Amount	Redemption Date	Principal Amount
August 1, 2043	\$ 1,830,000	August 1, 2046	\$ 2,060,000
August 1, 2044	1,905,000	August 1, 2047*	2,145,000
August 1, 2045*	1,980,000		

Term Certificate Due August 1, 2049	
Redemption Date	Principal Amount
August 1, 2048	\$ 2,230,000
August 1, 2049*	2,320,000

\*Stated Maturity.

The principal amount of the Term Certificates required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Term Certificates of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent for cancellation, (2) shall have been purchased and cancelled by the Paying Agent at the request of the District with monies in the Debt Service Fund at a price not exceeding the principal amount of the Term Certificates plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

**NOTICE OF REDEMPTION . . .** Not less than 30 days prior to a redemption date for the Certificates, 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 Certificate 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 Certificates will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates 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 Certificate called for redemption or any other action premised or any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificate 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 Certificate from the beneficial owners. Any such selection of Certificates 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 Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "Book-Entry-Only System" herein.

With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of an premium, if any, and interest on the Certificates 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 Certificates, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Certificates 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 Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates 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 certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificates 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 Certificates 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, or beneficial owners of the selection of portions of the Certificates for redemption.

**DEFEASANCE . . . General.** The Ordinance provides for the defeasance of the Certificates and the termination of the pledge of taxes and all other general covenants in the Ordinance under certain circumstances. Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding ("Defeased Certificate") within the meaning of the Ordinance, 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 Certificates to be paid at maturity, when the payment of all principal and interest payable with respect to such Defeased Certificates 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 Certificates shall have become due and payable or (c) any combination of (a) and (b). At such time as a Certificate shall be deemed to be a Defeased Certificate, such Certificate 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 Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Certificate when proper notice of redemption of such Certificates shall have been given, in accordance with the Ordinance. 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 Ordinance, 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 Certificates 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 Ordinance for the payment of principal of the Certificates and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Certificates 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 Certificates 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 Certificates 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 Ordinance.

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 Certificates and such Certificates shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Ordinance shall be made without the consent of the registered owner of each Certificate affected thereby.

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

**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 Certificates 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 Certificates 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 Certificates 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 Certificates, 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 Certificates. 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 (including Interest Strips of the Resolution Funding Corporation).

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 Certificates. Because the Ordinance does 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 Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Certificates 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 Certificates, 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 Certificates), 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 Certificates. The Certificates will be issued as fully-registered Certificates 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 certificate will be issued for each stated maturity of the Certificates, 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 rating of "AA+" from S&P Global Ratings. 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](http://www.dtcc.com).

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Certificates 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 Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates 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 Certificates 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 Certificates 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates 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 Certificates 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 Certificates 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, bond 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 neither the City nor the Underwriters 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 Certificates 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 Certificates, 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 Underwriters.

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar is Regions Bank, Houston, Texas. In the Ordinance, 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 Certificates 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 Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates 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 . . .** In the event the Book-Entry-Only System should be discontinued, the Certificates 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.

Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates 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 Certificates issued in an exchange or transfer of Certificates 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 Certificates 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 Certificates 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 Certificates 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 Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate 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 Certificate.

**RECORD DATE FOR INTEREST PAYMENT.** . . The record date (“Record Date”) for the interest payable on the Certificates on any interest payment date means the close of business on the fifteenth 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 Holder of a Certificate 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.

**CERTIFICATEHOLDERS’ REMEDIES** . . . The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates 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 Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides 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 Certificates or the Ordinance 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 Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the Certificateholders upon any failure of the City to perform in accordance with the terms of the Ordinance, 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 April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by the 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. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3rd 325 (Tex. 2006), that a waiver of sovereign 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 sovereign immunity from a suit for money damages, Certificateholders may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. 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.

While the court recognized that the distinction between governmental and proprietary functions is not clear, the *Wasson* opinion held that the proprietary-governmental dichotomy applies in contract-claims context. The Court reviewed *Wasson* for a second time and issued an opinion on October 5, 2018 clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code, determination of which will dictate the availability of the defense of immunity for causes of action arising under such contract.

As noted above, the Ordinance provides that Certificateholders may exercise the remedy of mandamus to enforce the obligations of the City under the 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).

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 Certificates. 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 Certificateholders 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 Certificates are qualified with respect to the customary rights of debtors relative to their creditors.

**AMENDMENTS TO THE ORDINANCE . . .** In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any owners for the purpose of amending or supplementing such Ordinance 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 Ordinance that do not materially adversely affect the interests of the owners, (4) qualify the Ordinance 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 Ordinance 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 Ordinance further provides that the owners of the Certificates aggregating in principal amount 51% of the outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Ordinance 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 Certificates no amendment may be made of the purpose of: (1) making any change in the maturity of any of the outstanding Certificates; (2) reducing the rate of interest borne by any of the outstanding Certificates; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates; (4) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates, or imposing any condition with respect to such payment; or (5) changing the minimum percentage of principal amount of the Certificates necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

**PURPOSE . . .** Proceeds from the sale of the Certificates will be used for (1) constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City's water and wastewater system and (2) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates.

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

Sources:	
Principal	\$ 36,320,000.00
Bid Premium	<u>2,121,489.55</u>
Total Sources	\$ 38,441,489.55
Uses:	
Deposit to Project Fund	\$ 38,000,000.00
Bid Discount	242,280.33
Deposit to Debt Service Fund	2,920.22
Costs of Issuance	<u>196,289.00</u>
Total Uses	\$ 38,441,489.55

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## 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 Bastrop 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. See "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies."

**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 "AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code" 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 "AD VALOREM PROPERTY TAXATION – City Application of Tax Code" 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 "AD VALOREM PROPERTY TAXATION – City Application of Tax Code" herein.

**PUBLIC HEARING AND MAINTENANCE AND OPERATION 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 Certificates.**

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.

**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.

**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'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 pricing information contained in either the standard edition of the Annual Energy Outlook published by the United States Energy Information Administration 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 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on 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, up to 20% attorney's collection fee is 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 \$10,000 and the disabled are granted an exemption of \$3,000. The City has granted an additional exemption of up to 20% of the market value of residence homesteads; minimum exemption of \$5,000; and 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 Bastrop Central Appraisal District collects taxes for the City.

The City has not taken action to tax freeport property; and, the City has not taken action to tax goods-in-transit.

The City has implemented a tax freeze on the residence homestead of the disabled or persons 65 years of age or older.

The City has not adopted a tax abatement policy.

The City is a party to one economic development agreement with a business operating within the City. The maximum amount the City may pay under the agreement is, \$10,483,363 as of October 3, 2022 (last interest calculation). As of September 30, 2023, the City had paid \$9,232,710 in total rebates. See "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT – NOTES TO FINANCIAL STATEMENTS, NOTE II.G."

**TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2023/24 Market Valuation Established by Bastrop Central Appraisal District (excluding totally exempt property)	\$ 2,026,585,640
Less Exemptions/Reductions at 100% Market Value:	<u>198,630,537</u>
2023/24 Taxable Assessed Valuation	\$ 1,827,955,103
 2024/25 Taxable Assessed Valuation	 \$ 1,904,181,918
 Total City Funded Debt Payable from Ad Valorem Taxes as of 6-1-2024	 \$ 105,060,000 <sup>(1)</sup>
The Certificates	<u>36,320,000</u>
 Total Debt Payable from Ad Valorem Taxes	 \$ 141,380,000
Less: Self-Supporting Debt	<u>(114,100,019) <sup>(2)</sup></u>
Net Debt Payable from Ad Valorem Taxes	\$ 27,279,981
 Interest and Sinking Fund as of 6-1-2024	 \$ 7,951,159 <sup>(3)</sup>
 Ratio Tax Supported Debt to Taxable Assessed Valuation	 1.49%

2024 Estimated Population - 11,789  
Per Capita Taxable Assessed Valuation - \$155,056  
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$2,314

- (1) Excludes the Certificates.  
(2) Represents a portion of Series 2006 Certificates of Obligation, Series 2007 Certificates of Obligation, Series 2013 Certificates of Obligation, Series 2014 Certificates of Obligation, Series 2016 General Obligation Refunding Bonds, Series 2017 General Obligation Refunding Bonds, Series 2020 General Obligation Refunding Bonds, Series 2021 General Obligation Refunding Bonds, the Series 2021A Taxable General Obligation Refunding Bonds, and 100% of the Series 2014 General Obligation Refunding Bonds, Series 2021 Certificates of Obligation, Series 2022 Certificates of Obligation, Series 2023 Certificates of Obligation and the Certificates, which are considered self-supporting and payable from water and wastewater revenues, hotel occupancy taxes and electric revenues, as applicable. There is no guarantee that the discretionary payments in respect of such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payment from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes.  
(3) Unaudited.

**TABLE 2 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9/30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End Of Year <sup>(2)</sup>	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2020	9,154	\$ 997,550,657	\$ 108,974	\$ 16,577,292	1.66%	\$ 1,811
2021	9,242	1,009,682,692	109,249	16,024,925	1.59%	1,734
2022	11,060	1,249,559,312	112,980	17,531,813	1.40%	1,585
2023	11,690	1,593,450,466	136,309	28,448,181	1.79%	2,434
2024	11,789	1,827,955,103	155,056	25,478,509 <sup>(3)</sup>	1.39% <sup>(3)</sup>	2,161 <sup>(3)</sup>

- (1) Source: The City.  
(2) Excludes self-supporting debt. See "Table 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT," footnote 2.  
(3) Projected, includes the Certificates.

**TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9/30	Tax Rate	Distribution		Tax Levy	% Current Collections	% Total Collections
		General Fund	Interest and Sinking Fund			
2020	\$ 0.5640	\$ 0.3691	\$ 0.1949	\$ 5,525,922	98.77%	99.47%
2021	0.5794	0.3845	0.1949	5,904,603	99.67%	100.28%
2022	0.5794	0.3740	0.2054	6,258,897	99.30%	100.00%
2023	0.5128	0.3166	0.1962	6,899,086	99.30%	100.00%
2024	0.4994	0.3032	0.1962	7,847,047	99.37%	99.86%

**TABLE 4 – TEN LARGEST TAXPAYERS**

Name of Taxpayer	2023/24	% of Total
	Taxable Assessed Valuation	Taxable Assessed Valuation
BCSC LLC	\$ 42,976,278	2.35%
The Village at Hunters Crossing LLC	31,641,907	1.73%
SREIT Walnut Bastrop LLC	24,936,195	1.36%
Covert Chevrolet-Oldsmobile Inc.	23,419,377	1.28%
The Lodge at Lost Pines LP	20,490,236	1.12%
Lennar Homes of Texas Land & Construction	17,874,187	0.98%
Wal-Mart Real Estate Business Trust	14,980,153	0.82%
Buc-ee's Ltd.	13,067,793	0.71%
Sonepar USA	9,312,356	0.51%
H.E. Butt Grocery Company	9,000,000	0.49%
	<u>\$ 207,698,482</u>	<u>11.36%</u>

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## DEBT INFORMATION

**TABLE 5—AD VALOREM TAX DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 9/30	Outstanding Ad Valorem Tax Debt <sup>(1)</sup>			The Certificates <sup>(2)</sup>			Less: System- Supported Debt Service <sup>(3)</sup>	Total Tax- Supported Debt Service
	Principal	Interest	Total	Principal	Interest	Total		
2024	\$ 4,580,000	\$ 3,510,989	\$ 8,090,989	\$ -	\$ -	\$ -	\$ 5,005,844	\$ 3,085,146
2025	4,295,000	3,379,983	7,674,983	1,010,000	1,401,051	2,411,051	7,256,868	2,829,166
2026	4,425,000	3,254,859	7,679,859	805,000	1,603,200	2,408,200	7,259,585	2,828,474
2027	5,060,000	3,114,617	8,174,617	845,000	1,562,950	2,407,950	7,545,984	3,036,583
2028	4,830,000	2,939,064	7,769,064	890,000	1,520,700	2,410,700	7,446,981	2,732,783
2029	4,680,000	2,764,771	7,444,771	935,000	1,476,200	2,411,200	7,292,246	2,563,725
2030	4,640,000	2,592,799	7,232,799	980,000	1,429,450	2,409,450	7,152,968	2,489,280
2031	4,330,000	2,420,694	6,750,694	1,030,000	1,380,450	2,410,450	7,006,121	2,155,023
2032	4,120,000	2,266,587	6,386,587	1,080,000	1,328,950	2,408,950	6,645,933	2,149,604
2033	3,900,000	2,132,483	6,032,483	1,135,000	1,274,950	2,409,950	6,676,949	1,765,484
2034	3,030,000	2,005,040	5,035,040	1,190,000	1,218,200	2,408,200	6,103,690	1,339,550
2035	2,680,000	1,894,044	4,574,044	1,250,000	1,158,700	2,408,700	5,641,994	1,340,750
2036	2,785,000	1,788,694	4,573,694	1,315,000	1,096,200	2,411,200	5,645,644	1,339,250
2037	2,895,000	1,678,944	4,573,944	1,380,000	1,030,450	2,410,450	5,648,744	1,335,650
2038	2,985,000	1,590,206	4,575,206	1,450,000	961,450	2,411,450	5,649,144	1,337,512
2039	2,790,000	1,498,394	4,288,394	1,520,000	888,950	2,408,950	5,644,744	1,052,600
2040	2,875,000	1,414,294	4,289,294	1,600,000	812,950	2,412,950	5,650,644	1,051,600
2041	2,965,000	1,327,294	4,292,294	1,675,000	732,950	2,407,950	5,651,044	1,049,200
2042	3,050,000	1,237,294	4,287,294	1,760,000	649,200	2,409,200	5,646,094	1,050,400
2043	3,145,000	1,144,394	4,289,394	1,830,000	578,800	2,408,800	6,698,194	-
2044	3,240,000	1,044,363	4,284,363	1,905,000	505,600	2,410,600	6,694,963	-
2045	3,350,000	941,013	4,291,013	1,980,000	429,400	2,409,400	6,700,413	-
2046	3,455,000	833,825	4,288,825	2,060,000	350,200	2,410,200	6,699,025	-
2047	3,565,000	723,006	4,288,006	2,145,000	267,800	2,412,800	6,700,806	-
2048	3,680,000	608,250	4,288,250	2,230,000	182,000	2,412,000	6,700,250	-
2049	3,805,000	487,388	4,292,388	2,320,000	92,800	2,412,800	6,705,188	-
2050	3,925,000	362,119	4,287,119	-	-	-	4,287,119	-
2051	4,055,000	232,556	4,287,556	-	-	-	4,287,556	-
2052	2,385,000	98,381	2,483,381	-	-	-	2,483,381	-
	<u>\$ 105,520,000</u>	<u>\$ 49,286,342</u>	<u>\$ 154,806,342</u>	<u>\$ 36,320,000</u>	<u>\$ 23,933,551</u>	<u>\$ 60,253,551</u>	<u>\$ 178,528,111</u>	<u>\$ 36,531,782</u>

(1) Includes self-supporting ad valorem tax debt. See "Table 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT," footnote 2.

(2) Interest calculated at the rates shown on the inside cover page hereof.

(3) See "Table 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT," footnote 2.

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**TABLE 6 – 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 obligations since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional obligations, 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 8/31/2024
Bastrop County	\$ 42,534,000	13.35%	\$ 5,678,289
Bastrop ISD	479,920,084	20.09%	96,415,945
City of Bastrop	27,279,981 <sup>(1)</sup>	100.00%	<u>27,279,981</u>
Total Direct and Overlapping Tax Supported Debt			\$ 129,374,215 <sup>(1)</sup>
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			7.08% <sup>(1)</sup>
Per Capita Overlapping Tax Supported Debt			\$ 10,974 <sup>(1)</sup>

(1) Excludes self-supporting ad valorem tax debt (see "Table 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT," footnote 2) and includes the Certificates.

**TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION**

Estimated General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-2024	\$ 8,090,989 <sup>(1)</sup>
2023 Interest and Sinking Fund Tax Levy @ 98%	\$ 3,514,719
Fiscal Year 2023 Interest and Sinking Fund Balance	581,332
Less: Self-Supporting Ad Valorem Tax Debt	<u>5,005,844 <sup>(1)</sup></u> <u>\$ 9,101,895</u>
Estimated Balance, Fiscal Year Ending 9-30-2024	\$ 1,010,906

**TABLE 8 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

Purpose	Date Authorized	Amount Authorized	Amount Issued	Amount Being Issued	Unissued Balance
Park	9/13/2003	\$ 545,000	\$ 320,000	\$ -	\$ 225,000
Street	9/13/2003	5,595,000	4,210,000	-	1,385,000
Parking	9/13/2003	350,000	-	-	350,000
Total		<u>\$ 6,490,000</u>	<u>\$ 4,530,000</u>	<u>\$ -</u>	<u>\$ 1,960,000</u>

**GENERAL BOND DEBT LIMITATION . . .** No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter. For a description of limitations on the City's maximum ad valorem tax rate, see "THE CERTIFICATES – TAX RATE LIMITATION".

**ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . .** The City does anticipate the issuance of additional ad valorem tax secured general obligation debt within the next twelve months.

**OTHER OBLIGATIONS . . .** See "APPENDIX B – Excerpts from the City's Annual Financial Report" including footnote III.D. "DETAILED NOTES ON ALL ACTIVITIES AND FUNDS – LONG-TERM DEBT."

**PENSION FUND . . .** The City provides pension benefits for all of its full-time employees, except firemen, 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. Members can retire at ages 60 and above with 5 or more years of service

or with 25 or more years of service regardless of age. A member is vested after 5 years. The City provides pension benefits to firefighters through the Bastrop Firefighter's Relief and Retirement Fund, a single-employer defined benefit pension plan.

For more detailed information concerning the City's pension plan, see "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT – NOTE F."

**FINANCIAL ADMINISTRATION . . .** The financial administration of the City is vested in the Department of Finance. The Department of Finance operates under the Chief Financial Officer, who is appointed by the City Manager. Required activities of the Finance Department are the control, custody and disbursement of City funds, assessment and collection of taxes and issuance of licenses. Other activities of the Finance Department include utility billing and collections, internal service fund operation, annual budget preparation and interim and annual financial reports.

**OTHER POST-EMPLOYMENT BENEFITS . . .** The Governmental Accounting Standards Board released the Statement of General Accounting Standards No. 45 ("GASB 45"), Accounting by Employers for Other Post-Employment Benefits ("OPEB"), in June 2004. The City was required to implement GASB 45 for the fiscal year that began on October 1, 2008 and concluded on September 30, 2009.

GASB 45 sets forth standards for the measurement, recognition, and display of post-employment benefits, other than pensions, such as health and life insurance for current and future retirees. Those subject to this pronouncement are required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting over the working lifetime of the employees; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, the future costs of those benefits have been funded; and provide information useful in assessing potential demands on the employer's future cash flows. The employer's contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in a net OPEB cost, which under GASB 45 will be required to be recorded as a liability in the employer's financial statements. (For more detailed information concerning the retirement plan, see "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT – NOTE E.")

#### **FINANCIAL POLICIES**

**BASIS OF ACCOUNTING . . .** All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

The more significant revenues which are treated as susceptible to accrual under the modified accrual basis are property taxes, intergovernmental revenues, charges for services, and interest. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual.

All proprietary funds and the pension trust fund are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. (For more detailed information concerning the basis of accounting, see "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT".)

**GENERAL FUND BALANCE . . .** The City policy is to maintain surplus and unencumbered funds equal to three months of expenditures in the General Fund. This allows the City to avoid interim borrowing pending tax receipts.

**USE OF BOND PROCEEDS, GRANTS, ETC. . . .** The City's policy is to use certificate proceeds, grants or other non-recurring revenues for capital expenditures only. Such revenues are never to be used to fund City operations.

**BUDGETARY PROCEDURES . . .** The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by the first of July. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15. The City Council then holds a public hearing on the budget. The Council shall then make any changes in the budget as it deems advisable and shall adopt a budget prior to September 20.

**FUND INVESTMENTS . . .** The City investment policy parallels state law which governs investment of public funds. The City generally restricts investments to direct obligations of the United States Government and to insured or collateralized bank certificates of deposits. The City's investment portfolio does not invest in derivatives securities.

**FINANCIAL INFORMATION**

**TABLE 9 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

	Fiscal Year Ending September 30,				
	2023	2022	2021	2020	2019
<b>Revenues:</b>					
Taxes	\$ 13,678,594	\$ 12,542,112	\$ 11,286,625	\$ 9,811,880	\$ 9,210,141
Licenses and Permits	2,902,068	2,103,192	2,089,278	1,201,810	562,612
Intergovernmental	82,215	134,385	186,522	417,036	136,947
Charges for Services	950,985	861,279	652,181	591,191	571,920
Fines and Forfeitures	346,026	301,746	275,954	272,078	316,781
Investment Earnings	104,210	50,401	48,434	78,828	103,728
Other Revenue	1,762,271	66,689	693,331	102,427	67,261
<b>Total Revenues</b>	<b>\$ 19,826,369</b>	<b>\$ 16,059,804</b>	<b>\$ 15,232,325</b>	<b>\$ 12,475,250</b>	<b>\$ 10,969,390</b>
<b>Expenditures:</b>					
General Government	\$ 7,202,101	\$ 5,828,565	\$ 5,788,926	\$ 5,273,179	\$ 5,427,869
Public Safety	5,881,700	5,119,359	4,545,833	4,392,655	4,127,825
Public Works	2,601,749	2,180,304	2,232,164	1,495,717	2,514,505
Conservation & Development	1,956,433	1,571,147	-	-	-
Debt Service	29,319	-	-	-	-
Capital Outlay	161,512	118,557	436,439	456,038	388,764
<b>Total Expenses</b>	<b>\$ 17,832,814</b>	<b>\$ 14,817,932</b>	<b>\$ 13,003,362</b>	<b>\$ 11,617,589</b>	<b>\$ 12,458,963</b>
Excess (Deficiency) of Revenues over Expenditures	\$ 1,993,555	\$ 1,241,872	\$ 2,228,963	\$ 857,661	\$ (1,489,573)
Operating Transfers In	\$ 653,000	\$ 770,000	\$ 590,750	\$ 567,750	\$ 1,024,575
Operating Transfers Out	(1,668,623)	(1,047,527)	-	(248,654)	(244,054)
Net Increase (Decrease)	\$ 977,932	\$ 964,345	\$ 2,819,713	\$ 1,176,757	\$ (709,052)
Fund Equity at Beginning of Year	8,141,505	7,177,160	4,357,447	3,180,690	3,889,742
Adjustments to Fund Balance	-	-	-	-	-
<b>Fund Equity at End of Year<sup>(1)</sup></b>	<b>\$ 9,119,437</b>	<b>\$ 8,141,505</b>	<b>\$ 7,177,160</b>	<b>\$ 4,357,447</b>	<b>\$ 3,180,690</b>

Source: City's audited financial statements.

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**TABLE 10 – MUNICIPAL SALES TAX HISTORY**

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, 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 Certificates. 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 <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2020	\$ 5,528,824	100.05%	\$ 0.5542	\$ 604
2021	6,716,864	113.76%	0.6652	727
2022	7,657,554	122.35%	0.6128	692
2023	8,169,033	118.41%	0.5127	699
2024	8,279,421	105.51%	0.4529	702

Source: The Texas State Comptroller and the City's Annual Financial Report.

(1) Excludes additional one-half percent (1/2%) sales and use tax for economic development. Effective May 31, 2020, the Comptroller amended 34 Texas Administrative Code Section 3.334 to change how sales tax on certain internet and telephone orders are collected. Currently, the City is evaluating the amendments, however, there is the potential for a significant negative impact on total sales tax collected in future years.

**OPTIONAL SALES TAX**

The Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (1/2%) sales 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 tax is approved and levied, the ad valorem property tax levy must be reduced by the estimated amount of the sales tax revenues to be generated in the current year. Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues.

State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6¼%).

In addition to the one percent (1%) local sales and use tax referred to above, Bastrop County collects a one-half percent (1/2%) sales and use tax for property tax relief and the City collects an additional one-half percent (1/2%) sales and use tax for economic development. Levy of the additional sales and use tax for economic development began on July 1, 1995. The City's sales and use tax is not pledged to the payments of the Certificates.

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## INVESTMENTS

The City invests its investible 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 is 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 ("FDIC") 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 FDIC or the National Credit Union Share Insurance Fund or their respective successors;
- (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 the 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 this 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 the City's custodian of the banking deposits issued for the City's 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 Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3;
- (9) (i) certificates of deposit or share certificates meeting the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) (the "PFIA") that are issued by or through an institution that either has its main office or a branch in the State, and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits or, (ii) certificates of deposit where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a 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 (ii)(a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit issued for the account of the City;
- (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above and clause (12) below, 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 U.S. or state bank;
- (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission 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 Securities and Exchange Commission Rule 2a-7;
- (14) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either have a duration of one year or more and are invested exclusively in obligations described in this paragraph, or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and
- (15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code), as amended, whose assets consist exclusively of the obligations that are described above. A public

funds investment pool described in this paragraph (14) must be continuously ranked no lower than "AAA," "AAA-m" or at an equivalent rating by at least one nationally recognized rating service.

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 with 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.

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 TPFIA. 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, and any additions and changes to market value and the ending value 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 record in such rule, order, ordinance or resolution 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 entity'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 non-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 and (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.

**TABLE 11 – CURRENT INVESTMENTS**

As of June 30, 2024, the City's investable funds were invested in the following categories:

Investments	Market Value	% of Total
TexPool	\$ 105,063	0.20%
Texas Class	15,025,984	28.32%
Cash	694,833	1.31%
Money Market/Funds	7,660,945	14.44%
Texas Term	10,877,517	20.50%
CD's/Securities	18,695,210	35.23%
	\$ 53,059,552	100.00%

**TAX MATTERS**

**OPINIONS . . .** On the Date of Initial Delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render opinions that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Certificates for federal income tax purposes will be excludable from the "gross income" of the holders thereof; and (2) 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 (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 Certificates. See "APPENDIX C – FORM OF BOND COUNSEL'S OPINION".

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 Certificates, and certain other matters. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Certificates to become taxable retroactively to the date of issuance of the Certificates.

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

Bond Counsel's opinions represent its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinions are 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 Certificates.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the property financed or refinanced with proceeds of the Certificates or the Certificates. Bond Counsel's opinion represents its legal judgement based upon its review of Existing Law and the representations of the Issuer that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Certificates, 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 Certificateholders 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 Certificates may be less than the principal amount thereof or one or more periods for the payment of interest on the Certificates may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Certificates"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Certificates 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 Certificate 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 Certificate 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 Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate 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 Certificate was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Certificate 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 Certificate 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 Certificate.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Certificates 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 Certificates 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 Certificates 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 Certificates.

**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 Certificates. 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 accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax 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 Bonds 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 Certificates, 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 Certificates, 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 Certificates 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.

**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 Certificates under Federal or state law and could affect the market price or marketability of the Certificates. 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 Certificates should consult their own tax advisors regarding the foregoing matters.

**INFORMATION REPORTING AND BACKUP WITHHOLDING . . .** Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Certificates 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.

#### **CONTINUING DISCLOSURE OF INFORMATION**

In the Ordinance, the City has made the following agreements for the benefit of the respective registered and beneficial owners of the Certificates. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Certificates. Under the agreements, 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 annually to the MSRB, (i) within six months after the end of each fiscal year of the City ending in and after 2024, financial information and operating data, which information and data may be unaudited, with respect to the City of the general type included in this Official Statement being the information of the type included in Tables numbered 1 through 5 and 7 through 11 and (ii) if not provided as part of such financial information and operating data, audited financial statements of the City, within twelve months after the end of each fiscal year of the City ending in and after 2024. Any financial statements to be provided shall be (i) 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 and in substantially the form included in APPENDIX B and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the United States Security and Exchange Commission Rule 15c2-12, as amended, (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such 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's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 and September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB.

**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 Certificates: (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 Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of Beneficial Owners of the Certificates, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, 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 Certificates nor the Ordinance 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."

**AVAILABILITY OF INFORMATION . . .** The City has agreed to provide the foregoing information only to the MSRB. All documents provided by the City to the MSRB described above under "Annual Reports" and "Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

Should the Rule be amended to obligate the City to make filing with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended.

**LIMITATIONS AND AMENDMENTS . . .** The City has agreed to update information and to provide notices of material 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 Certificates 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 Certificates 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 Certificates 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 Certificates 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 holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this 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, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

If the City so amends the agreement, 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 . . .** In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for each of the last five years have consisted of the related City's Annual Comprehensive Financial Report ("ACFR"), which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFR but can be derived from information in the ACFR. The City's 2023 ACFR was not available by the required March 31, 2024 date but was filed when it became available along with a late notice.

## OTHER INFORMATION

**RATING . . .** The Certificates have been rated "AA" by S&P Global Ratings ("S&P") without regard to credit enhancement. The presently outstanding tax supported debt of the City is also rated "AA" from Fitch Ratings ("Fitch"). The City has not applied for Fitch for a rating on the Certificates. The City also has various issues outstanding which are rated by S&P and Fitch based on municipal bond insurance policies issued by various commercial insurance companies. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by one or more of such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Certificates.

**LITIGATION . . .** It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

**REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE . . .** The sale of the Certificates 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 Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates 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 . . .** Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – RATING" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

**LEGAL OPINIONS . . .** Issuance of the Certificates is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Certificates are valid and binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property within the City and a limited pledge of the surplus revenues of the City's water and sewer system not to exceed \$1,000. Issuance of the Certificates 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 Certificates, to the effect that the Certificates 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 Certificates. In connection with the issuance of the Certificates, 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 Certificates are based upon a percentage of Certificates actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates 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 the Initial Purchaser a certificate, dated as of the date of delivery of the Certificates, executed by both the Mayor and City Secretary, 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 Certificates; restraining or enjoining the issuance, execution or delivery of the Certificates; affecting the provisions 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.

**NO MATERIAL ADVERSE CHANGE . . .** The obligations of the Initial Purchaser to take and pay for the Certificates, and of the City to deliver the Certificates, are subject to the condition that, up to the time of delivery of and receipt of payment for the Certificates, 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.

**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, 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 Certificates, 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, 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.

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 Certificates, the City accepted the bid of Jefferies LLC (the "Purchaser") to purchase the Certificates at the interest rates shown on the inside cover page of the Official Statement at a price of approximately 105.174% of par. The Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the 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 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 Ordinance authorizing the issuance of the Certificates will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

**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 Certificates to the Purchaser at closing, unless extended by the Purchaser. All information with respect to the resale of the Certificates subsequent to the "end of the underwriting period" is the responsibility of the Purchaser.

**UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . .** If, subsequent to the date of the Official Statement to and including the date the Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 of the federal Securities Exchange Act of 1934 (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 Purchaser 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 Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Purchaser, unless the Purchaser elects to terminate its obligation to purchase the Certificates as described in the notice of sale accompanying this Official Statement. The obligation of the City to update or change the Official Statement will terminate when the City delivers the Certificates to the Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Purchaser provides written notice the City that less than all of the Certificates 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 Certificates have been sold to ultimate customers. In the event the Purchaser provides written notice to the City that less than all of the Certificates have been sold to ultimate customers, the Purchaser agrees to notify the City in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

This Official Statement was approved by the City Council of the City 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, as amended.

/s/ Lyle Nelson  
Mayor  
City of Bastrop, Texas

ATTEST:

/s/ Irma Parker  
City Secretary  
City of Bastrop, Texas

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**APPENDIX A**

**GENERAL INFORMATION REGARDING THE CITY**

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**THE CITY . . .** The City of Bastrop (the “City”) is the county seat of Bastrop County, and is located in Central Texas along the Colorado River where it intersects highways 71, 95 and 21. Bastrop is 29 miles southeast of Austin, 88 miles northeast of San Antonio and 125 miles west of Houston. The City offers a natural, pristine and almost picturesque setting that is pleasing both for those that reside here as well as those “just passing through.” Principal manufacturers produce furniture, meat and bone meal, lumber, and oil well tools. Bastrop is one of the oldest towns in Texas and is very popular on the Texas Independence Trail. Bastrop and Buescher State Parks provide a nearby source for hiking, camping, swimming, and fishing.

Bastrop County is projected to be in the top five fastest growing counties in Texas during this decade, with the 2010 Census population for the County of 74,171. State tax revenues have risen dramatically and consistently since 1990, and are expected to rise as new businesses move into the area.

The Highway 71 corridor from Austin’s Bergstrom International Airport is experiencing explosive growth. Hunter’s Crossing, a mixed-use development on Highway 71, is the site of Home Depot, Chili’s Restaurant, a retail strip center, and a new residential development that will include 465 homes and as many as 700 apartments. Pecan Crossing is a 148-acre mixed use development on Highway 71 at Hwy 304 that will offer 1,000,000 square feet of retail space, restaurants, and other activities. A new family entertainment complex, Chestnut Square Family Entertainment Center, located at Loop 150 and Highway 95, opened in 2006 with a 4-screen theater with stadium seating, a 16 lane bowling alley, high-tech arcade, nine-table billiard parlor, and a food court.

Bastrop Village, a 750-acre project south of Texas 71 that straddles County Road 20, plans to build up to 985 homes. The Colony, an existing gated community located just north of Hwy 71 between FM 1209 and FM 969, plans to build another 4,000 homes.

The Lost Pines Hyatt Regency Resort and Spa opened in June 2006. This 496-room resort is located on 600 acres near McKinney Roughts Nature Park, north of Hwy 71, and offers equestrian trails, hiking, an 18-hole golf course, a day spa and activities on the Colorado River.

**EDUCATIONAL FACILITIES . . .** The Bastrop Independent School District serves the City and the surrounding area.

Within a 30 mile area, five (5) state or private higher education schools operate. These include The University of Texas, St. Edwards University, Concordia College, Huston-Tillotson College, and Austin Community College which operates a satellite campus in the City.

Major universities are within a close commute from the City – The University of Texas (27 miles), Texas State University at San Marcos (44 miles), St. Edwards University (27 miles) and Southwestern University (53 miles).

**TRANSPORTATION . . .** State Highway 71, a major four-lane highway, connecting Austin and Houston, Texas, and Texas Highway 95 and 21, serve the City of Bastrop.

**LABOR MARKET PROFILE**

Bastrop County		
	July 2024	July 2023
Total Civilian Labor Force	51,280	50,387
Total Employment	49,270	48,449
Total Unemployment	2,010	1,938
Percent Unemployment	3.9%	3.8%

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 Unemployment	4.4%	4.2%

Source: Texas Employment Commission.

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**APPENDIX B**

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

The information contained in this APPENDIX consists of excerpts from the City of Bastrop, 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.

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council of the  
City of Bastrop, Texas:

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bastrop, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, 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 (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.

***Responsibility of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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.

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(Continued)

### ***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 judgement, 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information for the general fund and hotel/motel tax fund, schedule of changes in net pension and total other post-employment benefit liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, 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 the 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.

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(Continued)

### **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 accompanying combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our Auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 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 the City's 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.

Crowe LLP  
Crowe LLP

Houston, Texas  
August 22, 2024

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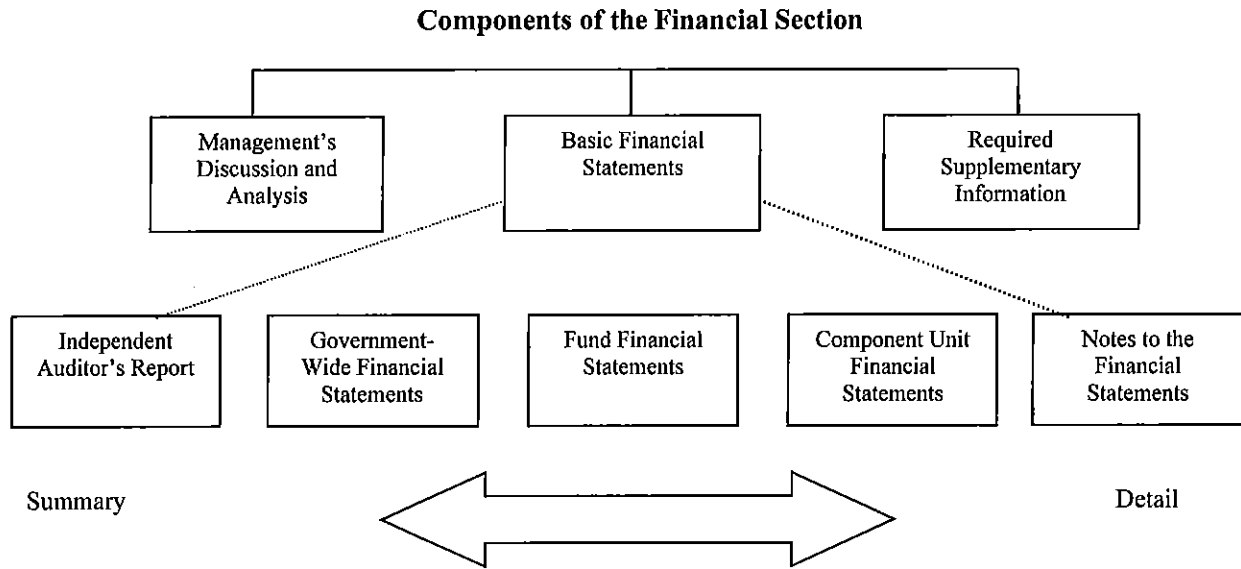
***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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**CITY OF BASTROP, TEXAS**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
 For the Year Ended September 30, 2023

The purpose of the Management’s Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Bastrop, Texas (the “City”) for the year ending September 30, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City’s activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City’s financial statements, which follow this section.

**THE STRUCTURE OF OUR ANNUAL REPORT**



The City’s basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-Wide Statements**

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City’s financial statements, report information on the City’s activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City’s assets, liabilities, and deferred outflows/inflows 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. Other nonfinancial factors, such as the City’s property tax base and the condition of the City’s infrastructure, need to be considered in order to assess the overall health of the City.

**CITY OF BASTROP, TEXAS**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2023

The Statement of Activities presents information showing how the City's net position changed during the most recent 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 – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including general government, public safety (police and fire protection), community services, and economic development. Interest payments on the City's debt are also reported here. Property tax, sales tax, hotel/motel tax, and franchise fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water and wastewater services, electrical utility, and community impact fees.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate component unit, the Bastrop Economic Development Corporation (BEDC) for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The public improvement district (PID), although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found after the MD&A.

## **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

### **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 year. Such information may be useful in evaluating the City'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 City'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 20 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, hotel/motel tax fund, American Recovery fund, the 2022 bond

**CITY OF BASTROP, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2023

fund, and the 2023 bond fund which are considered to be major funds. The Hunters Crossing PID fund is not considered a major fund, but the City has elected to present it as major due to its significance. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, debt service fund, and the hotel/motel tax fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

**Proprietary Funds**

The City maintains two types of proprietary funds. 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 water and wastewater system, electrical utility, and community impact fees. The proprietary fund financial statements provide separate information for the water and wastewater, electrical utility, and community impact fees. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses an internal service fund to account for its vehicle and equipment replacement. The internal service fund had been included within governmental activities in the government-wide financial statements.

**Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

**Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, schedules of changes in net pension and total other postemployment benefits liability and related ratios and schedule of contributions for the Texas Municipal Retirement System and the postemployment health care plan, RSI can be found after the notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows by \$94,096,257 as of September 30, 2023. The largest portion of the City's net position, 74%, reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is 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 assets themselves cannot be used to liquidate these liabilities.

**CITY OF BASTROP, TEXAS**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2023

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 41,143,322	\$ 27,583,259	\$ 38,652,779	\$ 44,427,096	\$ 79,796,101	\$ 72,010,355
Noncurrent assets	2,600,211	3,072,700	60,000	120,000	2,660,211	3,192,700
Capital assets, net	50,383,130	48,482,579	114,578,795	76,054,940	164,961,925	124,537,519
<b>Total Assets</b>	<b>94,126,663</b>	<b>79,138,538</b>	<b>153,291,574</b>	<b>120,602,036</b>	<b>247,418,237</b>	<b>199,740,574</b>
Deferred outflows of resources	2,862,559	1,477,385	442,942	289,586	3,305,501	1,766,971
Liabilities due within one year	9,395,927	6,168,475	14,177,939	8,188,198	23,573,866	14,356,673
Long-term liabilities	37,786,211	25,818,384	94,852,055	69,907,467	132,638,266	95,725,851
<b>Total Liabilities</b>	<b>47,182,138</b>	<b>31,986,859</b>	<b>109,029,994</b>	<b>78,095,665</b>	<b>156,212,132</b>	<b>110,082,524</b>
Deferred inflows of resources	249,890	1,078,373	165,459	529,051	415,349	1,607,424
<b>Net Position:</b>						
Net investment in capital assets	30,293,731	24,237,136	39,768,566	29,979,245	70,062,297	54,216,381
Restricted	5,718,681	10,531,380	1,623,093	2,047,133	7,341,774	12,578,513
Unrestricted	13,544,782	12,782,175	3,147,404	10,240,528	16,692,186	23,022,703
<b>Total Net Position</b>	<b>\$ 49,557,194</b>	<b>\$ 47,550,691</b>	<b>\$ 44,539,063</b>	<b>\$ 42,266,906</b>	<b>\$ 94,096,257</b>	<b>\$ 89,817,597</b>

A portion of the City's net position, \$7,341,774, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$16,692,186, or 18% may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$4,278,660 during the current fiscal year, an increase of 5% in comparison to the prior year. Deferred outflows and deferred inflows of resources experienced significant changes compared to the prior year due to changes in projected and actual earnings related to pensions. Current and other assets increased by \$7,785,746 largely due to bond proceeds from new issuance of debt. Capital assets compared to the prior year increased by \$40,424,406 due to the construction and acquisition of new capital assets in excess of current year depreciation expense. Liabilities due within one year increased \$9,217,193 due to the issuance of new debt in the current year. Long-term liabilities also experienced an increase by \$36,912,415 primarily as a result of the new debt issuance and an increase in the pension liability.

**CITY OF BASTROP, TEXAS**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2023

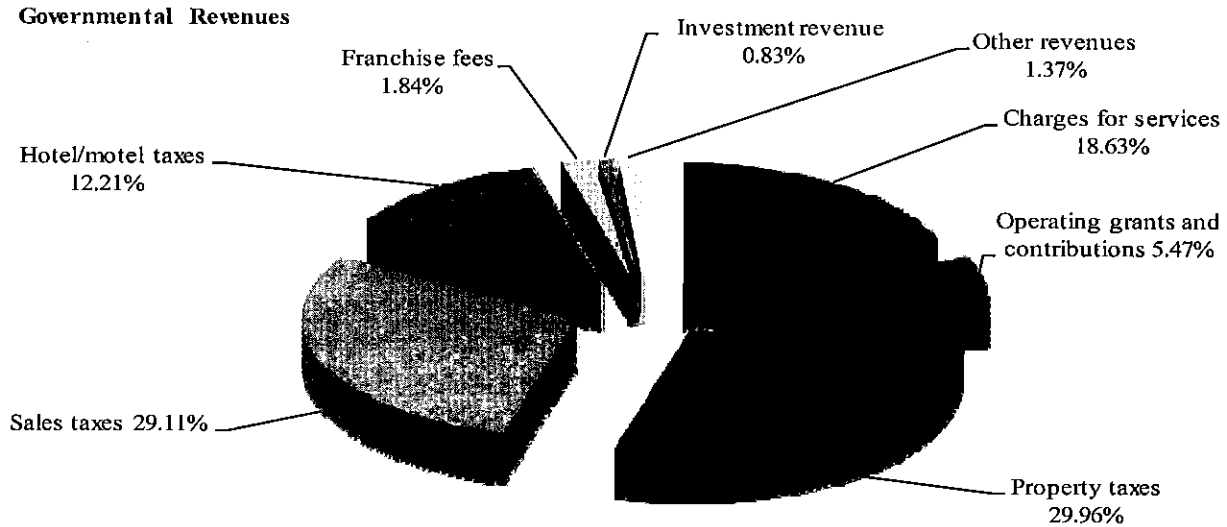
**Statement of Activities**

The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 5,296,661	\$ 4,124,736	\$ 18,862,215	\$ 18,488,562	\$ 24,158,876	\$ 22,613,298
Operating grants and contributions	1,556,048	901,693	-	-	1,556,048	901,693
General revenues:						
Property taxes	8,518,748	8,557,164	-	-	8,518,748	8,557,164
Sales taxes	8,279,421	7,657,554	-	-	8,279,421	7,657,554
Hotel/motel taxes	3,473,118	3,233,136	-	-	3,473,118	3,233,136
Franchise fees	524,510	494,036	-	-	524,510	494,036
Investment revenue	235,940	172,485	1,057,334	146,825	1,293,274	319,310
Gain on sale of assets	163,450	-	-	-	163,450	-
Other revenues	390,483	488,512	358,731	-	749,214	488,512
<b>Total Revenues</b>	<b>28,438,379</b>	<b>25,629,316</b>	<b>20,278,280</b>	<b>18,635,387</b>	<b>48,716,659</b>	<b>44,264,703</b>
<b>Expenses</b>						
General government	10,348,122	7,042,717	-	-	10,348,122	7,042,717
Public safety	6,630,998	5,486,688	-	-	6,630,998	5,486,688
Development services	1,655,952	1,472,240	-	-	1,655,952	1,472,240
Community services	3,344,032	3,133,636	-	-	3,344,032	3,133,636
Economic development	4,074,802	2,869,568	-	-	4,074,802	2,869,568
Interest and fiscal agent fees	1,277,970	584,014	-	-	1,277,970	584,014
Water and wastewater	-	-	9,570,017	6,905,760	9,570,017	6,905,760
Bastrop Power and Light	-	-	7,519,261	6,539,224	7,519,261	6,539,224
Community impact fees	-	-	16,845	10,003	16,845	10,003
<b>Total Expenses</b>	<b>27,331,876</b>	<b>20,588,863</b>	<b>17,106,123</b>	<b>13,454,987</b>	<b>44,437,999</b>	<b>34,043,850</b>
<b>Increase in Net Position</b>						
<b>Before Transfers</b>	<b>1,106,503</b>	<b>5,040,453</b>	<b>3,172,157</b>	<b>5,180,400</b>	<b>4,278,660</b>	<b>10,220,853</b>
Transfers in (out)	900,000	944,413	(900,000)	(944,413)	-	-
<b>Change in Net Position</b>	<b>2,006,503</b>	<b>5,984,866</b>	<b>2,272,157</b>	<b>4,235,987</b>	<b>4,278,660</b>	<b>10,220,853</b>
Beginning net position	47,550,691	41,565,825	42,266,906	38,030,919	89,817,597	79,596,744
<b>Ending Net Position</b>	<b>\$ 49,557,194</b>	<b>\$ 47,550,691</b>	<b>\$ 44,539,063</b>	<b>\$ 42,266,906</b>	<b>\$ 94,096,257</b>	<b>\$ 89,817,597</b>

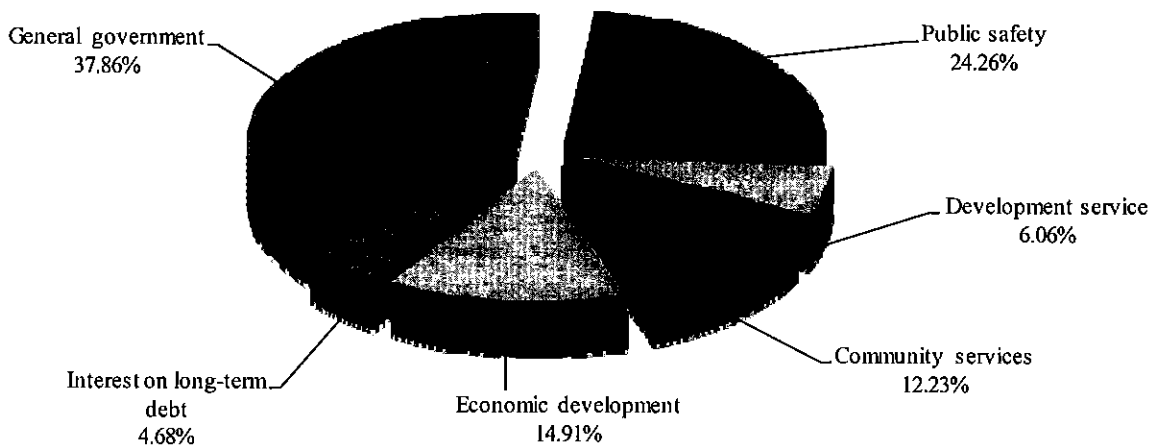
**CITY OF BASTROP, TEXAS**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2023

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.



For the year ended September 30, 2023, revenues from governmental activities totaled \$28,438,379. Property taxes and sales taxes payments are the City's largest revenue sources at \$16,798,169 or 59% of total revenues. Total revenues increased by \$2,809,063 from last year due to an increase in charges for services related to increases in permit revenue due to general growth within the City, an increase in operating grants and contributions due to reimbursement from the Community Development Block grant, an increase in sales taxes related to an increase in economic activity within the City, an increase investment revenue due to favorable interest rate environment for the City's investments.

**Governmental Expenses**



For the year ended September 30, 2023, expenses for governmental activities totaled \$27,331,876. Overall governmental expenses increased by \$6,743,013 due to increases in general government related to a lump sum payment to the pension plan, increases in payroll-related expenses in public safety and an increase in visit Bastrop website funding in the economic development expenses.



**CITY OF BASTROP, TEXAS**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2023

Business-type activities change in net position was \$3,172,157 before transfers out of \$900,000. Revenues increased \$1,642,893 compared to the prior year due to an increase in charges for services and investment revenue. The business-type activities expenses also increased by \$3,651,136 which was primarily due to the increase in payroll-related and maintenance expenses for utility operations.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

**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 balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$31,478,956. Of this, \$672,631 is nonspendable, \$21,928,566 is restricted for various purposes, and \$38,360 is assigned for various projects. The remaining balance of \$8,839,399 is unassigned as of September 30, 2023.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$8,920,666, while total fund balance reached \$9,119,437. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Total ending fund balance represents 51% of total general fund expenditures. The general fund demonstrated an overall increase of \$977,932, primarily related to additional tax revenue and licenses and permits revenue as a result of growth in the City.

The debt service fund has a total fund balance of \$581,332, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was \$150,800. This increase was primarily due to property tax revenues exceeding principal and interest payments on long-term debt.

The hotel/motel tax fund has a total fund balance of \$3,408,456, all of which is restricted for economic development. The net decrease in fund balance during the year was \$225,347. This decrease was primarily related to more economic development expenditures in the current year than the prior year.

The Hunters Crossing PID fund ended the year with a fund balance of \$113,893. The net increase of \$21,076 is primarily the combined result of an increase in property tax and investment revenues, as well as a decrease in economic development expenditures in the current year.

The American Recovery fund accounts for revenues and the associated expenditures related to the American recovery fund grant. The increase in fund balance during the year was \$32,634 due to investment revenue. No expenditures have been incurred.

The 2022 bond fund ended the year with a fund balance of \$2,121,071. The net decrease in fund balance during the year was \$1,498,300. This decrease was primarily related to the use of bond funds for construction projects.

The 2023 bond fund is a new fund in 2023. This fund was created to accounts for the proceeds from the series 2023 certificates of obligation. The 2023 bond fund ended the year with ended the year with \$13,255,318 in fund balance.

**CITY OF BASTROP, TEXAS**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2023

**Proprietary Funds** – The City’s proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There had been a planned decrease in budgeted fund balance in the amount of \$4,085,958 in the general fund. However, fund balance increased by \$977,932 resulting in a positive variance of \$5,063,890 from budgeted as amended over actual. Actual general fund revenues were more than amended budgeted revenues by \$3,076,761 during 2023. The City realized more revenues than anticipated mostly from licenses and permits. Actual expenditures were less than budgeted amounts by \$1,987,129 for the fiscal year primarily related to a positive variance in general government expenses.

**CAPITAL ASSETS**

At the end of the current fiscal year, the City’s governmental and business-type activities had invested \$164,961,925 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$40,424,406. More detailed information about the City’s capital assets is presented in note III.C. to the financial statements.

**LONG-TERM DEBT**

At the end of the current fiscal year, the City had total notes, bonds, certificates of obligation, and leases outstanding related to its governmental activities of \$35,148,509 and business-type activities of \$92,884,841. More detailed information about the City’s long-term liabilities is presented in note III. D. to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The City experiences steady commercial and residential growth as it is identified within Bastrop County as the county seat and its desirable location between Houston and Austin. The city’s population is more than 11,000 within the city limits; however, it is estimated the City’s retail market services in excess of 198,000 visitors. Due to its healthy local economy, the City has maintained a credit rating of AA from S&P Global Ratings for certificates of obligation at our last issue in November 2022, and AA- from S&P Global Ratings on the utility system revenue bonds as of December 2020. The annual operating budget for fiscal year 2024 reflects a variety of community issues, planning initiatives, economic development opportunities, street and drainage projects, transportation master plan, parks master plan, construction on the new water treatment plant, and engineering on the phase II of the wastewater treatment plant. The City Council held budget and planning sessions to provide opportunity to pass along their input and guidance in developing the fiscal year (FY) 2024 budget. The City adopted a fiscally responsible budget on September 19, 2023, leaving some available unappropriated fund balance above the required fund balance reserve.

Total general fund revenue for FY 2024 is \$16,808,664. The FY 2024 general fund’s major revenue source for the City is sales tax at a budgeted \$8,748,230. Ad valorem tax revenue (property taxes) is a close second with an annual budget of \$5,206,015. The sales tax and ad valorem taxes comprise 75% of the revenues received by the general fund for operations. The general fund (M&O) tax rate of \$0.3032/\$100 and the debt service fund (I&S) tax rate of \$.1962/\$100 combine to establish the City’s overall property tax rate of \$0.4994 per \$100. This rate is down from the previous year rate of \$0.5128. The debt service payments for FY 2024 are \$3,390,341 or 39% of the overall tax rate necessary to generate funds to service the bonded indebtedness of the City. Property taxes of \$5,206,015 support the general fund operations of the City, which represents 61% of the revenue collection. The FY 2024 budget will provide for the 25% required fund balance at year end as required by the financial management policy adopted by City Council.

**CITY OF BASTROP, TEXAS**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2023

Water and wastewater fund operations for FY 2024 has budgeted revenue of \$8,922,540, while expenditures are budgeted at \$9,573,234. This budget leaves a fund balance of 26% which is very close to the fund balance reserve of 24% required by the financial management policy adopted by City Council. This is due to a significant number of capital improvement projects the City is implementing. This will continue to be monitored annually and reported in the fiscal forecast.

The Bastrop Power and Light fund revenues consist of the sale of electricity to the City's customers within its service area, fees assessed for extension services, and pole attachment fees. Total budgeted expenses for this fund for the purchase of electricity and operations of the department is \$8,872,870. This is up 4.2% over FY 2023 budget.

The comprehensive plan that was adopted by City Council in FY 2017 was used to set budgetary priorities. The FY 2024 budget includes funds to update this plan. The plan gives City Council long-range goals that will ensure progress toward improving the community and maintaining the quality-of-life Bastrop residents have come to expect. The City is committed to the delivery of excellent service today and we are prepared to effectively deliver the same service tomorrow.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Edi McIlwain, CPA, Chief Financial Officer, P.O. Box 427, Bastrop, Texas 78602.

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***BASIC FINANCIAL STATEMENTS***

**CITY OF BASTROP, TEXAS**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bastrop Economic Development
<b>Assets</b>				
Cash and equity in pooled cash/investments	\$ 37,147,690	\$ 14,581,205	\$ 51,728,895	\$ 11,685,192
Receivables, net of allowances	3,003,032	1,704,246	4,707,278	697,605
Lease receivable	-	-	-	184,550
Due from BEDC	49,275	-	49,275	-
Due from other governments	744,554	-	744,554	-
Prepays and other assets	190,490	-	190,490	10,480
Inventory	8,281	618,807	627,088	-
Restricted assets:				
Temporarily restricted cash/cash equivalents	-	21,748,521	21,748,521	-
	41,143,322	38,652,779	79,796,101	12,577,827
Note receivable	2,600,211	60,000	2,660,211	-
Capital assets:				
Nondepreciable capital assets	8,930,352	83,490,004	92,420,356	1,351,540
Depreciable/amortizable capital assets, net	41,452,778	31,088,791	72,541,569	-
	50,383,130	114,578,795	164,961,925	1,351,540
<b>Total Assets</b>	94,126,663	153,291,574	247,418,237	13,929,367
<b>Deferred Outflows of Resources</b>				
Deferred outflows - pension	2,308,343	424,041	2,732,384	164,684
Deferred outflows - TMRS OPEB	52,727	11,910	64,637	2,764
Deferred outflows - Health OPEB	63,026	6,991	70,017	12,066
Deferred loss on refunding	438,463	-	438,463	49,821
<b>Total Deferred Outflows of Resources</b>	2,862,559	442,942	3,305,501	229,335

**CITY OF BASTROP, TEXAS**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bastrop Economic Development
<b>Liabilities</b>				
Accounts payable and accrued liabilities	3,247,484	10,873,926	14,121,410	67,737
Accrued bond interest	378,169	989,612	1,367,781	9,369
Due to primary government	-	-	-	49,275
Unearned revenue	2,288,071	-	2,288,071	-
Noncurrent liabilities:				
Portion due within one year:				
Compensated absences	333,487	83,324	416,811	13,649
Leases payable	332,571	3,022	335,593	-
Bonds and notes payable	2,787,040	2,220,328	5,007,368	285,000
OPEB liability - health	26,583	6,646	33,229	1,413
OPEB liability - TMRS	2,522	1,081	3,603	52
Portion due in more than one year:				
Compensated absences	37,054	9,258	46,312	1,516
Leases payable	769,406	-	769,406	-
Bonds and notes payable (net)	33,322,590	94,193,925	127,516,515	2,200,000
Net pension liability	2,835,406	403,836	3,239,242	242,115
OPEB liability - health	570,048	153,889	723,937	33,913
OPEB liability - TMRS	251,707	91,147	342,854	5,174
<b>Total Liabilities</b>	<b>47,182,138</b>	<b>109,029,994</b>	<b>156,212,132</b>	<b>2,909,213</b>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding	-	141,475	141,475	-
Deferred inflows - leases	-	-	-	175,875
Deferred inflows - TMRS OPEB	143,246	12,451	155,697	13,702
Deferred inflows - Health OPEB	106,644	11,533	118,177	7,570
<b>Total Deferred Inflows of Resources</b>	<b>249,890</b>	<b>165,459</b>	<b>415,349</b>	<b>197,147</b>
<b>Net Position</b>				
Net investment in capital assets	30,293,731	39,768,566	70,062,297	1,291,540
Restricted for:				
Nonexpendable perpetual care cemetery	473,860	-	473,860	-
Expendable:				
Debt service	581,332	-	581,332	-
Cemetery	87,725	-	87,725	-
Public safety	178,483	-	178,483	-
Parks	14,844	-	14,844	-
Traffic safety	366,498	-	366,498	-
PEG fees	83,720	-	83,720	-
Economic development	3,522,349	-	3,522,349	543,268
Capital projects	377,236	1,623,093	2,000,329	-
American Recovery	32,634	-	32,634	-
Unrestricted	13,544,782	3,147,404	16,692,186	9,217,534
<b>Total Net Position</b>	<b>\$ 49,557,194</b>	<b>\$ 44,539,063</b>	<b>\$ 94,096,257</b>	<b>\$ 11,052,342</b>

See Notes to Financial Statements.

# CITY OF BASTROP, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>			
<b>Governmental Activities</b>			
General government	\$ 10,348,122	\$ 1,617,853	\$ -
Public safety	6,630,998	364,001	1,556,048
Development services	1,655,952	2,902,068	-
Community services	3,344,032	82,000	-
Economic development	4,074,802	330,739	-
Interest and fiscal agent fees	1,277,970	-	-
<b>Total Governmental Activities</b>	<b>27,331,876</b>	<b>5,296,661</b>	<b>1,556,048</b>
<b>Business-Type Activities</b>			
Water and wastewater	9,570,017	8,152,035	-
Bastrop Power and Light	7,519,261	8,386,663	-
Community impact fees	16,845	2,323,517	-
<b>Total Business-Type Activities</b>	<b>17,106,123</b>	<b>18,862,215</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 44,437,999</b>	<b>\$ 24,158,876</b>	<b>\$ 1,556,048</b>
<b>Component Unit</b>			
Bastrop Economic Development Corporation	\$ 1,237,779	\$ -	\$ -

**General Revenues:**

- Property taxes
- Sales taxes
- Hotel/motel taxes
- Franchise fees (gross)
- Investment revenue
- Other revenues
- Gain on sale of assets
- Transfers

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning net position

**Ending Net Position**

See Notes to Financial Statements.



<u>Net Revenue (Expense) and Changes in Net Position</u>			<u>Component Unit</u>
<u>Primary Government</u>			
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Bastrop Economic</u>
\$ (8,730,269)	\$ -	\$ (8,730,269)	\$ -
(4,710,949)	-	(4,710,949)	-
1,246,116	-	1,246,116	-
(3,262,032)	-	(3,262,032)	-
(3,744,063)	-	(3,744,063)	-
(1,277,970)	-	(1,277,970)	-
<u>(20,479,167)</u>	<u>-</u>	<u>(20,479,167)</u>	<u>-</u>
-	(1,417,982)	(1,417,982)	-
-	867,402	867,402	-
-	<u>2,306,672</u>	<u>2,306,672</u>	<u>-</u>
-	<u>1,756,092</u>	<u>1,756,092</u>	<u>-</u>
<u>(20,479,167)</u>	<u>1,756,092</u>	<u>(18,723,075)</u>	<u>-</u>
-	-	-	(1,237,779)
8,518,748	-	8,518,748	-
8,279,421	-	8,279,421	4,099,378
3,473,118	-	3,473,118	-
524,510	-	524,510	-
235,940	1,057,334	1,293,274	430,461
390,483	358,731	749,214	186,386
163,450	-	163,450	-
900,000	(900,000)	-	-
<u>22,485,670</u>	<u>516,065</u>	<u>23,001,735</u>	<u>4,716,225</u>
2,006,503	2,272,157	4,278,660	3,478,446
<u>47,550,691</u>	<u>42,266,906</u>	<u>89,817,597</u>	<u>7,573,896</u>
<u>\$ 49,557,194</u>	<u>\$ 44,539,063</u>	<u>\$ 94,096,257</u>	<u>\$ 11,052,342</u>

# CITY OF BASTROP, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2023

	General	Debt Service	Hotel/Motel Tax	Hunters Crossing PID
<b><u>Assets</u></b>				
Cash and equity in pooled cash and investments	\$ 7,815,996	\$ 581,332	\$ 3,041,481	\$ 127,896
Receivables, net	1,893,751	160,400	497,547	3,789
Due from other funds	361,982	-	-	-
Due from component unit	49,275	-	-	-
Due from other governments	744,554	-	-	-
Prepaid items	190,490	-	-	-
Inventory	8,281	-	-	-
<b>Total Assets</b>	<b>\$ 11,064,329</b>	<b>\$ 741,732</b>	<b>\$ 3,539,028</b>	<b>\$ 131,685</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 894,270	\$ -	\$ 87,099	\$ 14,003
Due to other funds	-	-	-	-
Deposits payable	-	-	43,473	-
Unearned revenue	-	-	-	-
<b>Total Liabilities</b>	<b>894,270</b>	<b>-</b>	<b>130,572</b>	<b>14,003</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	1,050,622	160,400	-	3,789
<b><u>Fund Balances</u></b>				
Nonspendable:				
Inventories	8,281	-	-	-
Prepaid items	190,490	-	-	-
Perpetual care	-	-	-	-
Restricted for:				
Debt service	-	581,332	-	-
Cemetery	-	-	-	-
Public safety	-	-	-	-
Parks	-	-	-	-
Traffic safety	-	-	-	-
PEG fees	-	-	-	-
Economic development	-	-	3,408,456	113,893
Capital projects	-	-	-	-
American recovery	-	-	-	-
Assigned to:				
Special projects	-	-	-	-
Unassigned	8,920,666	-	-	-
<b>Total Fund Balances</b>	<b>9,119,437</b>	<b>581,332</b>	<b>3,408,456</b>	<b>113,893</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 11,064,329</b>	<b>\$ 741,732</b>	<b>\$ 3,539,028</b>	<b>\$ 131,685</b>

See Notes to Financial Statements.

<u>American Recovery</u>	<u>2022 Bond</u>	<u>2023 Bond</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ 2,320,705	\$ 3,209,852	\$ 13,255,318	\$ 3,945,812	\$ 34,298,392
-	-	-	447,545	3,003,032
-	-	-	-	361,982
-	-	-	-	49,275
-	-	-	-	744,554
-	-	-	-	190,490
-	-	-	-	8,281
<u>\$ 2,320,705</u>	<u>\$ 3,209,852</u>	<u>\$ 13,255,318</u>	<u>\$ 4,393,357</u>	<u>\$ 38,656,006</u>
\$ -	\$ 1,088,781	\$ -	\$ 1,089,360	\$ 3,173,513
-	-	-	361,982	361,982
-	-	-	-	43,473
2,288,071	-	-	-	2,288,071
<u>2,288,071</u>	<u>1,088,781</u>	<u>-</u>	<u>1,451,342</u>	<u>5,867,039</u>
-	-	-	95,200	1,310,011
-	-	-	-	8,281
-	-	-	-	190,490
-	-	-	473,860	473,860
-	-	-	-	581,332
-	-	-	87,725	87,725
-	-	-	178,483	178,483
-	-	-	14,844	14,844
-	-	-	366,498	366,498
-	-	-	83,720	83,720
-	-	-	-	3,522,349
-	2,121,071	13,255,318	1,684,592	17,060,981
32,634	-	-	-	32,634
-	-	-	38,360	38,360
-	-	-	(81,267)	8,839,399
<u>32,634</u>	<u>2,121,071</u>	<u>13,255,318</u>	<u>2,846,815</u>	<u>31,478,956</u>
<u>\$ 2,320,705</u>	<u>\$ 3,209,852</u>	<u>\$ 13,255,318</u>	<u>\$ 4,393,357</u>	<u>\$ 38,656,006</u>

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**CITY OF BASTROP, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL**  
**FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
September 30, 2023

Total fund balances - total governmental funds \$ 31,478,956

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets, nondepreciable	8,930,352
Capital assets, net depreciable/amortizeable	38,120,447

Long-term receivables related to economic development are not available to pay for current period expenditures and, therefore, are not reported in the funds.	2,600,211
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Long-term liabilities and deferred outflows and deferred inflows related to pensions and other postemployment benefits (OPEB) are not due and payable in the current period, and therefore, are not reported in the funds.

Net pension liability	(2,835,406)
Total OPEB liability - health OPEB	(596,631)
Total OPEB liability - TMRS	(254,229)
Deferred outflows - pension	2,308,343
Deferred outflows - TMRS OPEB	52,727
Deferred outflows - health OPEB	63,026
Deferred inflows - TMRS OPEB	(143,246)
Deferred inflows - health OPEB	(106,644)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

Property taxes	1,310,011
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The internal service fund is used by management to charge the costs of certain capital assets and maintenance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.

Cash and equity in pooled cash and investments	2,849,298
Net depreciable/amortizeable capital assets	3,332,331
Accounts payable and accrued liabilities	(30,498)
Lease payable	(1,061,096)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Lease payable	(40,881)
Accrued interest payable	(378,169)
Compensated absences	(370,541)
Bonds payable (net of deferred charges)	(36,109,630)
Deferred loss on refunding	438,463

<b>Net Position of Governmental Activities</b>	<b>\$ <u>49,557,194</u></b>
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See Notes to Financial Statements.

# CITY OF BASTROP, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General	Debt Service	Hotel/Motel Tax	Hunters Crossing PID
<b>Revenues</b>				
Property taxes	\$ 4,898,795	\$ 3,025,290	\$ -	\$ 575,549
Sales taxes	8,279,421	-	-	-
Hotel/motel taxes	-	-	3,473,118	-
Franchise fees	500,378	-	-	-
Licenses and permits	2,902,068	-	-	-
Fines and forfeitures	346,026	-	-	-
Charges for services	950,985	-	330,739	-
Intergovernmental	82,215	-	61,500	-
Investment revenue	104,210	68,891	34,576	6,764
Other revenue	1,762,271	179,120	-	-
<b>Total Revenues</b>	19,826,369	3,273,301	3,899,933	582,313
<b>Expenditures</b>				
<b>Current:</b>				
General government	7,202,101	-	-	-
Public safety	5,881,700	-	-	-
Development services	1,956,433	-	-	-
Community services	2,601,749	-	-	-
Economic development	-	-	3,602,280	513,645
Capital outlay	161,512	-	-	-
<b>Debt service:</b>				
Principal	29,319	2,735,996	-	-
Interest and fiscal agent fees	-	976,406	-	-
<b>Total Expenditures</b>	17,832,814	3,712,402	3,602,280	513,645
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	1,993,555	(439,101)	297,653	68,668
<b>Other Financing Sources (Uses)</b>				
Issuance of long-term debt	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	653,000	589,901	-	-
Transfers (out)	(1,668,623)	-	(523,000)	(47,592)
<b>Total Other Financing Sources (Uses)</b>	(1,015,623)	589,901	(523,000)	(47,592)
<b>Net Change in Fund Balances</b>	977,932	150,800	(225,347)	21,076
Beginning fund balances	8,141,505	430,532	3,633,803	92,817
<b>Ending Fund Balances</b>	\$ 9,119,437	\$ 581,332	\$ 3,408,456	\$ 113,893

See Notes to Financial Statements.

<u>American Recovery</u>	<u>2022 Bond</u>	<u>2023 Bond</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,499,634
-	-	-	-	8,279,421
-	-	-	-	3,473,118
-	-	-	24,132	524,510
-	-	-	-	2,902,068
-	-	-	17,975	364,001
-	-	-	82,000	1,363,724
-	-	-	1,412,333	1,556,048
32,634	85,287	254,535	76,280	663,177
-	-	-	135,062	2,076,453
<u>32,634</u>	<u>85,287</u>	<u>254,535</u>	<u>1,747,782</u>	<u>29,702,154</u>
-	-	-	-	7,202,101
-	-	-	75,702	5,957,402
-	-	-	-	1,956,433
-	-	-	531,825	3,133,574
-	-	-	146,125	4,262,050
-	1,583,587	-	2,080,885	3,825,984
-	-	-	-	2,765,315
-	-	106,996	-	1,083,402
-	<u>1,583,587</u>	<u>106,996</u>	<u>2,834,537</u>	<u>30,186,261</u>
<u>32,634</u>	<u>(1,498,300)</u>	<u>147,539</u>	<u>(1,086,755)</u>	<u>(484,107)</u>
-	-	12,135,000	-	12,135,000
-	-	972,779	-	972,779
-	-	-	55,326	55,326
-	-	-	1,165,000	2,407,901
-	-	-	(22,309)	(2,261,524)
-	-	<u>13,107,779</u>	<u>1,198,017</u>	<u>13,309,482</u>
32,634	(1,498,300)	13,255,318	111,262	12,825,375
-	3,619,371	-	2,735,553	18,653,581
<u>\$ 32,634</u>	<u>\$ 2,121,071</u>	<u>\$ 13,255,318</u>	<u>\$ 2,846,815</u>	<u>\$ 31,478,956</u>

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**CITY OF BASTROP, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2023**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds \$ 12,825,375

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 additions, net of disposals	3,107,249
Depreciation/amortization expense	(2,514,267)

The issuance of long-term debt (e.g., bonds and certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position. In addition, pension and other postemployment benefits (OPEB) expenses and the amortization of deferred items are accounted for in the Statement of Activities.

Principal payments	2,735,996
Debt issued	(12,135,000)
Accrued interest	(298,368)
Principal paid on leases	29,319
Amortization of deferred amounts	(79,334)
Premiums on issuance of debt	(972,779)
Amortization of premiums on long-term debt	206,636
Compensated absences	(46,801)
Deferred outflows - pensions	1,419,217
Deferred outflows - health OPEB	59,155
Deferred outflows - TMRS OPEB	(17,735)
Deferred inflows - pension	1,013,068
Deferred inflows - health OPEB	(61,817)
Deferred inflows - TMRS OPEB	(118,897)
Net pension liability	(1,207,558)
OPEB liability - health	(22,430)
OPEB liability - TMRS	121,249

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds. (2,226,452)

Revenue that provides current financial resources only is not reported on Statement of Activities. Net Position. This amount reflects note receivable principal received. (472,489)

The internal service fund is used by management to charge the costs of certain capital assets and maintenance to individual funds. The net revenue (expense) is reported with governmental activities. 663,166

**Change in Net Position of Governmental Activities** **\$ 2,006,503**

See Notes to Financial Statements.

**CITY OF BASTROP, TEXAS**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**PROPRIETARY FUNDS**  
September 30, 2023

	Business-Type Activities			Total
	Water and Wastewater	Bastrop Power & Light	Community Impact Fee	
<b>Assets</b>				
<b>Current assets</b>				
Cash and equity in pooled cash and investments	\$ 4,666,182	\$ 4,601,303	\$ 5,313,720	\$ 14,581,205
Accounts receivable (net of allowance for uncollectibles)	827,408	876,838	-	1,704,246
Due from other funds	148,330	-	-	148,330
Inventory	218,260	400,547	-	618,807
Restricted cash and equity in pooled cash and investments	21,748,521	-	-	21,748,521
<b>Total Current Assets</b>	<u>27,608,701</u>	<u>5,878,688</u>	<u>5,313,720</u>	<u>38,801,109</u>
<b>Noncurrent assets</b>				
Note receivable	60,000	-	-	60,000
Capital assets:				
Nondepreciable	83,324,809	165,195	-	83,490,004
Depreciable/amortizeable	26,776,765	4,312,026	-	31,088,791
<b>Total Capital Assets (Net)</b>	<u>110,101,574</u>	<u>4,477,221</u>	<u>-</u>	<u>114,578,795</u>
<b>Total Noncurrent Assets</b>	<u>110,161,574</u>	<u>4,477,221</u>	<u>-</u>	<u>114,638,795</u>
<b>Total Assets</b>	<u>137,770,275</u>	<u>10,355,909</u>	<u>5,313,720</u>	<u>153,439,904</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows - pensions	234,700	189,341	-	424,041
Deferred outflows - TMRS OPEB	8,777	3,133	-	11,910
Deferred outflows - health OPEB	2,479	4,512	-	6,991
<b>Total Deferred Outflows of Resources</b>	<u>245,956</u>	<u>196,986</u>	<u>-</u>	<u>442,942</u>

**Governmental  
Activities**  
Internal  
Service

\$ 2,849,298  
-  
-  
-  
2,849,298

-  
-  
3,332,331  
3,332,331  
3,332,331  
6,181,629

-  
-  
-  
-

**CITY OF BASTROP, TEXAS**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**PROPRIETARY FUNDS**  
September 30, 2023

	Business-Type Activities			Total
	Water and Wastewater	Bastrop Power & Light	Community Impact Fees	
<b>Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 10,029,333	\$ 832,693	\$ 11,900	\$ 10,873,926
Lease payable	3,022	-	-	3,022
Accrued interest payable	982,587	7,025	-	989,612
Due to other funds	-	-	148,330	148,330
Compensated absences	44,644	38,680	-	83,324
Bonds payable - current	2,091,028	129,300	-	2,220,328
OPEB liability - health	3,988	2,658	-	6,646
OPEB liability - TMRS	649	432	-	1,081
<b>Total Current Liabilities</b>	<b>13,155,251</b>	<b>1,010,788</b>	<b>160,230</b>	<b>14,326,269</b>
<b>Noncurrent liabilities</b>				
Compensated absences	4,960	4,298	-	9,258
Bonds payable, net of deferred charges	93,077,229	1,116,696	-	94,193,925
Net pension liability	151,054	252,782	-	403,836
OPEB liability - health	96,926	56,963	-	153,889
OPEB liability - TMRS	61,486	29,661	-	91,147
<b>Total Noncurrent Liabilities</b>	<b>93,391,655</b>	<b>1,460,400</b>	<b>-</b>	<b>94,852,055</b>
<b>Total Liabilities</b>	<b>106,546,906</b>	<b>2,471,188</b>	<b>160,230</b>	<b>109,178,324</b>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding	141,475	-	-	141,475
Deferred inflows - TMRS OPEB	3,938	8,513	-	12,451
Deferred inflows - health OPEB	2,175	9,358	-	11,533
<b>Total Deferred Inflows of Resources</b>	<b>147,588</b>	<b>17,871</b>	<b>-</b>	<b>165,459</b>
<b>Net Position</b>				
Net investment in capital assets	36,537,341	3,231,225	-	39,768,566
Restricted for:				
Capital improvements	251,216	-	1,371,877	1,623,093
Unrestricted	(5,466,820)	4,832,611	3,781,613	3,147,404
<b>Total Net Position</b>	<b>\$ 31,321,737</b>	<b>\$ 8,063,836</b>	<b>\$ 5,153,490</b>	<b>\$ 44,539,063</b>

See Notes to Financial Statements.

**Governmental  
Activities**  

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**Internal  
Service**  

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\$ 30,498  
1,061,096  
-  
-  
-  
-  
-

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1,091,594

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-  
-  
-  
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1,091,594

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-  
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-

-  
-  
5,090,035

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\$ 5,090,035

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# CITY OF BASTROP, TEXAS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

### PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Business-Type Activities			Total
	Water and Wastewater	Bastrop Power & Light	Community Impact Fees	
<b><u>Operating Revenues</u></b>				
Charges for services	\$ 8,152,035	\$ 8,386,663	\$ 2,323,517	\$ 18,862,215
Other revenue	-	358,731	-	358,731
<b>Total Operating Revenues</b>	<b>8,152,035</b>	<b>8,745,394</b>	<b>2,323,517</b>	<b>19,220,946</b>
<b><u>Operating Expenses</u></b>				
Personnel services	1,680,884	874,892	-	2,555,776
Supplies and maintenance	3,212,033	374,328	16,845	3,603,206
Service and other	330,686	6,029,561	-	6,360,247
Depreciation/amortization	1,112,828	190,084	-	1,302,912
<b>Total Operating Expenses</b>	<b>6,336,431</b>	<b>7,468,865</b>	<b>16,845</b>	<b>13,822,141</b>
<b>Operating Income</b>	<b>1,815,604</b>	<b>1,276,529</b>	<b>2,306,672</b>	<b>5,398,805</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Gain on sale of capital assets	-	-	-	-
Investment revenue	946,485	50,251	60,598	1,057,334
Interest and fiscal agent fees	(3,233,586)	(50,396)	-	(3,283,982)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(2,287,101)</b>	<b>(145)</b>	<b>60,598</b>	<b>(2,226,648)</b>
<b>Income (Loss) Before Transfers</b>	<b>(471,497)</b>	<b>1,276,384</b>	<b>2,367,270</b>	<b>3,172,157</b>
<b><u>Transfers</u></b>				
Transfers in	1,829,054	-	-	1,829,054
Transfers (out)	(215,000)	(685,000)	(1,829,054)	(2,729,054)
<b>Total Transfers</b>	<b>1,614,054</b>	<b>(685,000)</b>	<b>(1,829,054)</b>	<b>(900,000)</b>
<b>Change in Net Position</b>	<b>1,142,557</b>	<b>591,384</b>	<b>538,216</b>	<b>2,272,157</b>
Beginning net position	30,179,180	7,472,452	4,615,274	42,266,906
<b>Ending Net Position</b>	<b>\$ 31,321,737</b>	<b>\$ 8,063,836</b>	<b>\$ 5,153,490</b>	<b>\$ 44,539,063</b>

See Notes to Financial Statements.

<b>Governmental</b>
<b>Activities</b>
<b>Internal</b>
<b>Service</b>
<hr/>
\$ 666,868
-
<hr/>
666,868
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-
24,719
279,955
582,525
<hr/>
887,199
<hr/>
(220,331)
<hr/>
108,124
45,252
(23,502)
<hr/>
129,874
<hr/>
(90,457)
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753,623
-
<hr/>
753,623
<hr/>
663,166
<hr/>
4,426,869
<hr/>
\$ 5,090,035
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# CITY OF BASTROP, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2023

	Business-Type Activities			Total
	Water and Wastewater	Bastrop Power & Light	Community Impact Fee	
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers and users	\$ 8,016,682	\$ 8,601,281	\$ 2,323,517	\$ 18,941,480
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(4,148,914)	(6,468,940)	120,807	(10,497,047)
Payments to employees	(1,957,053)	(976,065)	-	(2,933,118)
<b>Net Cash Provided by Operating Activities</b>	<b>1,910,715</b>	<b>1,156,276</b>	<b>2,444,324</b>	<b>5,511,315</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfers from other funds	1,829,054	-	-	1,829,054
Transfer to other funds	(215,000)	(685,000)	(1,829,054)	(2,729,054)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>1,614,054</b>	<b>(685,000)</b>	<b>(1,829,054)</b>	<b>(900,000)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Acquisition and construction of capital assets	(34,032,884)	-	-	(34,032,884)
Proceeds from issuance of bonds	27,235,447	-	-	27,235,447
Interest and fiscal agent fees paid	(2,556,629)	(50,395)	-	(2,607,024)
Principal paid on capital debt	(2,424,628)	(124,276)	-	(2,548,904)
Proceeds from the sale of capital assets	-	-	-	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(11,778,694)</b>	<b>(174,671)</b>	<b>-</b>	<b>(11,953,365)</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Note payments	60,000	-	-	60,000
Interest on investments	946,485	50,251	60,598	1,057,334
<b>Net Cash Provided by Investing Activities</b>	<b>1,006,485</b>	<b>50,251</b>	<b>60,598</b>	<b>1,117,334</b>
<b>Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments</b>	<b>(7,247,440)</b>	<b>346,856</b>	<b>675,868</b>	<b>(6,224,716)</b>
Beginning cash and equity in pooled cash and investments	33,662,143	4,254,447	4,637,852	42,554,442
<b>Ending Cash and Equity in Pooled Cash and Investments</b>	<b>\$ 26,414,703</b>	<b>\$ 4,601,303</b>	<b>\$ 5,313,720</b>	<b>\$ 36,329,726</b>
<b>Ending Cash and Equity in Pooled Cash and Investments:</b>				
Unrestricted cash and equity in pooled cash and investments	\$ 4,666,182	\$ 4,601,303	\$ 5,313,720	\$ 14,581,205
Restricted cash and equity in pooled cash and investments	21,748,521	-	-	21,748,521
	<b>\$ 26,414,703</b>	<b>\$ 4,601,303</b>	<b>\$ 5,313,720</b>	<b>\$ 36,329,726</b>

See Notes to Financial Statements.



**Governmental  
Activities**  

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**Internal  
Service**  

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\$ -  
666,868  
(274,938)  

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-  
391,930  

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753,623  

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-  

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753,623  
  
(943,532)  
-  
(23,502)  
(220,962)  
108,124  

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(1,079,872)  
  
-  

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45,252  

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45,252  
  
110,933  

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2,738,365  

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**\$ 2,849,298**

\$ 2,849,298  
  
-  

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**\$ 2,849,298**

# CITY OF BASTROP, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2023

	Business-Type Activities			
	Water and Wastewater	Bastrop Power & Light	Community Impact Fee	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income	\$ 1,815,604	\$ 1,276,529	\$ 2,306,672	\$ 5,398,805
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>				
Depreciation/amortization	1,112,828	190,084	-	1,302,912
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in Assets:</b>				
Accounts receivable	(135,353)	(144,113)	-	(279,466)
Advances/due to/from funds	(148,330)	-	148,330	-
Inventories	(37,155)	(133,778)	-	(170,933)
Deferred outflows of resources	(48,502)	(104,854)	-	(153,356)
<b>Increase (Decrease) in Liabilities:</b>				
Accounts payable and accrued liabilities	(416,205)	68,727	(10,678)	(358,156)
Lease payable	(4,505)	-	-	(4,505)
Compensated absences	16,189	7,314	-	23,503
Deferred inflows of resources	(280,576)	(83,016)	-	(363,592)
Net pension liability	39,993	86,458	-	126,451
Total OPEB liability - health	743	1,606	-	2,349
Total OPEB liability - TMRS	(4,016)	(8,681)	-	(12,697)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,910,715</b>	<b>\$ 1,156,276</b>	<b>\$ 2,444,324</b>	<b>\$ 5,511,315</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
Purchase of capital assets on account	\$ 5,793,883	\$ -	\$ -	\$ -
Right-to-use assets from lease	-	-	-	-

See Notes to Financial Statements.

**Governmental  
Activities**  

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**Internal  
Service**  

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\$ (220,331)

582,525

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-  
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29,736

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**\$ 391,930**

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\$ -  
946,562

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# **CITY OF BASTROP, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2023**

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

The City of Bastrop, Texas (the "City") was incorporated on December 18, 1837 and adopted the "Home Rule Charter" on May 7, 2002, pursuant to the laws of the State of Texas (the "State"), which provide for a Council-Manager form of government.

The City Council is the principal legislative body of the City. With few exceptions, all powers of the City are vested in an elective council, which enacts legislation, adopts budgets, determines policies, and appoints the City Attorney and the Municipal Court Judge. The Council also appoints the City Manager, who executes the laws and administers the government of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety; street maintenance; sanitation services; recreation programs; municipal court; community development; public improvements; water; sewer and electrical services; and general administrative services.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

#### **Blended Component Unit**

The Hunters Crossing Local Government Corporation (the "Corporation") was established to administer the service plan of the Hunters Crossing Public Improvement District (PID). The PID was established on September 11, 2001 by resolution of the Bastrop City Council. That resolution was later amended on November 11, 2003. The purpose for creation of the PID was to provide for the construction of certain public improvements and a mechanism for the payment of the costs of such construction and the costs of such improvements through the levy of assessments against owners of respective parcels in the PID. The assessment and bond issuance authorizations are approved by the City Council and the City is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from any other remedies. The Corporation is reported as a blended component unit of the City. Separate financial statements for the Corporation can be obtained from the City's Finance Department.

#### **Discretely Presented Component Unit**

The Bastrop Economic Development Corporation (BEDC) was established in 1995, after the citizens of the City voted to pass a one-half cent sales tax dedicated to economic development.

**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

The BEDC's primary purpose is to assist in bringing meaningful and rewarding employment opportunities to citizens in the area through funding assistance provided to businesses to relocate or expand in Bastrop. A separate governing board oversees the BEDC, which is appointed by the City Council, and consists of individuals from the community and related governmental entities in the area. City employees also manage the operations of the BEDC. The BEDC has been reported as a discretely presented component unit because the governing board is not identical to the governing body of the City, the BEDC does not solely serve the City, and the City has the ability to impose its will on the BEDC. Separate financial statements for the BEDC can be obtained from the City's Finance Department.

No other entities, organizations, or functions have been included as part of the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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 considered 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.

**B. 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 activities of the primary government. *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.

**C. Basis of Presentation – Government-Wide Financial Statements**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component unit. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, hotel/motel tax, and franchise fees. Expenditures include general government, public safety, community services, development services, and economic development. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. All of the special revenue funds are considered nonmajor funds for reporting purposes, with the exceptions of the hotel/motel tax fund and the American Recovery fund which are considered major funds. The Hunters Crossing PID fund does not qualify as a major fund, but the City elected to present it as major due to its significance.

The *capital projects funds* are used to account for the expenditures of resources accumulated from grants, sale of bonds, and related interest earnings for capital improvement projects. All of the capital projects funds are considered nonmajor funds for reporting purposes, with the exception of the 2022 bond fund and the 2023 bond fund which are considered major funds.

*Permanent funds* are governmental funds that are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The Fairview Cemetery fund is considered a nonmajor fund for reporting purposes. The City is permanent trustee for the perpetual care trust fund that is used to support the maintenance, repair, and care of all places in the cemetery. Net appreciation on investments can be spent for this purpose as authorized by the Council. The City classifies the amount that can be authorized for expenditure by the Council as restricted expendable net position, and the policy for authorizing and spending investment income is the total-return policy.

The City reports the following enterprise funds:

The *enterprise funds* are used to account for the operations that provide water and wastewater services, electrical utility services, and community impact fees. The services are financed and operated in a manner similar to private business enterprises 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 will be financed or recovered primarily through user charges.

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

The *water and wastewater fund* is utilized to account for the financial activities related to the provision of water and wastewater services to residents of the City.

The *Bastrop Power & Light fund* is utilized to account for the financial activities related to the provision of electricity services to residents of the City.

The *community impact fee fund* is utilized to account for the financial activities related to the impact fees generated as part of development.

Additionally, the City reports the following fund type:

The *internal service fund* accounts for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service fund is used for the replacement of vehicles and equipment.

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 (i.e., the governmental and internal service funds) 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 internal balances 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 and proprietary fund 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



# **CITY OF BASTROP, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2023**

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 capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, 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). All other revenue items are considered to be measurable and available only when cash is received by the City.

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

#### **1. Cash and Cash Equivalents**

The City maintains pooled cash and investment accounts. Each fund whose monies are deposited in the pooled cash and investment accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "cash and equity in pooled cash and investments."

#### **2. Investments**

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Obligations of the U.S. the State, or their agencies and instruments.
- Money market mutual funds that meet certain criteria
- Statewide investment pools
- Certificates of deposit that meet certain criteria

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

### 3. Inventories and Prepaid Items

Inventories are recorded in the general and enterprise funds, and are stated at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The consumption method is used to recognize expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### 4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the enterprise fund are restricted by bond covenants for repayment of debt and to finance construction projects.

### 5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. 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 four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 to 50 years
Improvements	4 to 50 years
Equipment	4 to 10 years
Water and sewer system	20 to 30 years
Infrastructure	40 to 50 years

### 6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

acquisition of net assets that applies to a future period(s) and so 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/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- Deferred charges on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

### 7. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations. Accumulated sick leave lapses when employees leave the employment of the government and, upon separation from service, no obligation exists. The general fund is responsible for liquidating the liability related to governmental activities.

### 8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

### 9. Leases

#### Lessee

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible, right-to-use lease asset (the "lease asset") in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

#### Lessor

The BEDC is a lessor for a noncancellable lease of a building. The BEDC recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the BEDC initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

Key estimates and judgments include how the BEDC determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The BEDC uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The BEDC monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### 10. Subscription-Based Information Technology Arrangements

The City has noncancellable subscription-based information technology arrangements (SBITA's) to finance the use of information technology software. The City would recognize a liability (the "subscription liability") and an intangible, right-to-use subscription asset (the "subscription asset") in the financial statements. The City's SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

### 11. Pensions

For the 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' 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. Investments are reported at fair value. The general fund is responsible for liquidating the liability related to governmental activities.

### 12. Other Postemployment Benefits

*Supplemental Death Benefits.* The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. 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. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

*Retiree Health Insurance.* For purposes of measuring the total OPEB liability, deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the City for benefits due and payable that are not reimbursed by plan assets. Information regarding the City's total OPEB liability is obtained from a report prepared by a consulting actuary.

# **CITY OF BASTROP, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS**

For the Year Ended September 30, 2023

### **13. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. 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.

### **14. Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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.

### **15. Fund Balance Policies**

Fund balances of governmental funds are 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).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

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 is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (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. The City 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.

# **CITY OF BASTROP, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2023**

By resolution, the Council has also authorized the City Manager and Finance Director as the officials authorized to assign fund balance to a specific purpose as approved by the City's fund balance policy. Assignments of fund balance by the City Manager and/or the Finance Director do not require formal action by the City Council.

The City strives to maintain an unassigned fund balance of not less than 25 percent for the budgeted operational expenditures in all City funds, with the exception of proprietary funds, which the target is 35 percent. The purpose of the unassigned balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. Should unassigned fund balance fall below the goal or have a deficiency, the City will seek to reduce expenditures prior to increasing revenues to replenish fund balance within a reasonable timeframe. In fiscal year 2023, the City planned for the waste and wastewater fund to fall below the fund balance policy requirement in efforts to keep rates and debt as low as possible while still adequately funding significant capital projects. A base water rate increase is projects for fiscal year 2024.

### **16. Estimates**

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

## **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 (including special assessments) 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**

The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. Taxes are delinquent if not paid by February 1 of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

### **3. 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 enterprise and internal service funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise and

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

internal service funds include the 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.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except the capital projects funds, which adopt project-length budgets. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2023.

### A. Expenditures in Excess of Appropriations

Expenditures exceeded appropriations at the legal level of control as follows:

<b>General fund:</b>	
General government:	
City council	9,188
Organizational	3,149
Development services:	
Building inspection	6,168
Capital outlay	71,512
<b>Hotel/Motel tax fund:</b>	
Rodeo arena	297

## III. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

The City's bank balances include bank deposits, investment pools, securities, and certificate of deposits held at the City's depository bank. The bank balance was \$85,030,437 at year end. The City's bank balances were collateralized by pledged securities of the depository bank for amounts in excess of the federal deposit insurance corporation (FDIC) insurance limits. As of September 30, 2023, the carrying amount of the City's bank deposits was \$2,259,999, the carrying amount of the City's investment pools was \$52,818,588, the carrying amount of the securities was \$2,360,505, and the carrying amount of the City's certificate of deposits was \$27,723,516. The City's bank deposits and investment pools were reported with cash and cash equivalents and the City's certificate of deposits were reported with investments.

Chapter 2256 of the Texas Government Code, the Public Funds Investment Act (the "Act") authorizes the City to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, availability of liquidity to meet the City's obligations, and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed, which excludes certain investment instruments allowed under the Act. The City's deposits and investments are invested pursuant to the Investment Policy. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition, it includes an investment strategy that specifically addresses limitations on instruments, diversification, and maturity scheduling.



# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

In compliance with the Act, the City has adopted a deposit and investment policy. That policy addresses the following risks:

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

*Credit risk.* The City's investment policy requires that investment pools must be rated no lower than 'AAA' or 'AAA-m'. Bankers' acceptances must be issued in the United States and carry a rating of 'A1'/P1' as provided by two of the top nationally recognized rating agencies. As of September 30, 2023, the City's investments in investment pools were rated 'AAAm' by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2023 include of a variety of bonds and discount notes issued by the Federal Home Loan Bank, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation. These investments were rated not less than 'Aa1' by Moody's and Standard & Poor's.

*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. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2023, bank balances were entirely secured by FDIC insurance and pledged securities.

*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's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

### TexPool

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may

# **CITY OF BASTROP, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2023**

only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

### **TexasTerm**

The Texas Term Local Government Investment ("TexasTerm") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTerm was created in 1981 by contract among its participating governmental units and is governed by a board of directors. PFM Fund Distributors and PFM Asset Management (PFM) act as co-administrators, providing investment management services, participant services, and marketing. PFM provides custodial, transfer agency, fund accounting, and depository services.

### **Texas CLASS**

The Texas Cooperative Liquid Assets Securities System Trust – Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the "Participants"), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS' website at [www.texasclass.com](http://www.texasclass.com).

### **Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

Details regarding investment by type are as follows:

Investment Type	Reported Value	Weighted Average Maturity In Years	Fair Value Measurement Using	% of Total	Rating
<b>City</b>					
Certificates of Deposit	\$ 24,218,425	1.12	n/a	34%	AA+
U.S. Bonds	750,949	1.07	Level 2	1%	AA+
Corporate Bonds	261,250	0.95	Level 2	0%	AAA
Municipal Bonds	1,348,306	0.96	Level 2	2%	Aaa/Aa1
TexPool	97,326	0.07	n/a	0%	AAAm
Texas CLASS	7,725,409	0.13	n/a	11%	AAAm
Texas Term	37,216,168	0.15	n/a	52%	AAAm
	<u>\$ 71,617,833</u>	0.55		<u>100%</u>	
<b>BEDC</b>					
Certificates of Deposit	\$ 3,505,091	0.54	n/a	31%	AA+
TexPool	1,090,930	0.07	n/a	10%	AAAm
Texas CLASS	6,688,755	0.13	n/a	59%	AAAm
	<u>\$ 11,284,776</u>	0.25		<u>100%</u>	

**B. Receivables**

The following comprise receivable balances at year end:

**Governmental Funds**

	General	Debt Service	Hotel/Motel Tax	Hunters Crossing PID	Nonmajor	Total
Property taxes	\$ 262,685	\$ 168,842	\$ -	\$ 3,988	\$ -	\$ 435,515
Sales taxes	1,357,530	-	-	-	-	1,357,530
Hotel/motel tax	-	-	497,547	-	-	497,547
Intergovernmental	-	-	-	-	447,545	447,545
Other receivables	21,463	-	-	-	-	21,463
Court fines and fees	721,592	-	-	-	-	721,592
Less allowance	(469,519)	(8,442)	-	(199)	-	(478,160)
	<u>\$ 1,893,751</u>	<u>\$ 160,400</u>	<u>\$ 497,547</u>	<u>\$ 3,789</u>	<u>\$ 447,545</u>	<u>\$ 3,003,032</u>

**Proprietary Funds**

	Water and Sewer	Bastrop Power & Light	Total Enterprise Funds
Accounts receivable	\$ 832,473	\$ 896,759	\$ 1,729,232
Less allowance	(5,065)	(19,921)	(24,986)
	<u>\$ 827,408</u>	<u>\$ 876,838</u>	<u>\$ 1,704,246</u>

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

### C. Capital Assets

A summary of changes in capital assets for the year end is as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,232,467	\$ -	\$ (55,527)	\$ 5,176,940
Construction in progress	1,983,035	2,815,156	(1,044,779)	3,753,412
Total capital assets not being depreciated	7,215,502	2,815,156	(1,100,306)	8,930,352
Other capital assets:				
Buildings	15,319,101	-	-	15,319,101
Land Infrastructure	882,288	-	-	882,288
Improvements other than buildings	34,207,313	1,044,779	-	35,252,092
Right-to-use assets	452,273	946,562	-	1,398,835
Machinery and equipment	12,280,886	1,001,065	(544,384)	12,737,567
Total other capital assets	63,141,861	2,992,406	(544,384)	65,589,883
Less accumulated depreciation/amortization for:				
Buildings	(5,218,404)	(348,342)	-	(5,566,746)
Land Infrastructure	(94,784)	(36,416)	-	(131,200)
Improvements other than buildings	(9,730,982)	(1,329,700)	-	(11,060,682)
Right-to-use assets	(44,925)	(263,380)	-	(308,305)
Machinery and equipment	(6,785,689)	(828,867)	544,384	(7,070,172)
Total accumulated depreciation/amortization	(21,874,784)	(2,806,705)	544,384	(24,137,105)
Other capital assets, net	41,267,077	185,701	-	41,452,778
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 48,482,579</b>	<b>\$ 3,000,857</b>	<b>\$ (1,100,306)</b>	<b>50,383,130</b>
			Plus unspent bond proceeds	16,683,745
			Less net deferred charge on refunding	438,463
			Less associated debt	(37,211,607)
			<b>Net Investment in Capital Assets</b>	<b>\$ 30,293,731</b>

Depreciation was charged to governmental functions as follows:

General government	\$ 1,401,233
Public safety	378,111
Development services	22,242
Community services	400,352
Economic development	22,242
Internal service fund	582,525
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 2,806,705</b>

**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

The following is a summary of changes in capital assets for business-type activities for the year end:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,769,618	\$ -	\$ -	\$ 4,769,618
Water rights	3,933,620	-	-	3,933,620
Construction in progress	34,966,954	39,819,812	-	74,786,766
Total capital assets not being depreciated	<u>43,670,192</u>	<u>39,819,812</u>	<u>-</u>	<u>83,490,004</u>
Other capital assets:				
Machinery and equipment	2,882,671	6,955	-	2,889,626
Right-to-use assets	12,001	-	-	12,001
Buildings	498,366	-	-	498,366
Infrastructure	47,344,968	-	-	47,344,968
Total other capital assets	<u>50,738,006</u>	<u>6,955</u>	<u>-</u>	<u>50,744,961</u>
Less accumulated depreciation/amortization for:				
Machinery and equipment	(2,470,161)	(144,493)	-	(2,614,654)
Right-to-use assets	(4,459)	(3,771)	-	(8,230)
Buildings	(293,168)	(21,249)	-	(314,417)
Infrastructure	(15,585,470)	(1,133,399)	-	(16,718,869)
Total accumulated depreciation/amortization	<u>(18,353,258)</u>	<u>(1,302,912)</u>	<u>-</u>	<u>(19,656,170)</u>
Other capital assets, net	<u>32,384,748</u>	<u>(1,295,957)</u>	<u>-</u>	<u>31,088,791</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 76,054,940</u>	<u>\$ 38,523,855</u>	<u>\$ -</u>	<u>114,578,795</u>
			Plus unspent bond proceeds	21,748,521
			Less deferred gain on refunding	(141,475)
			Less associated debt	<u>(96,417,275)</u>
			<b>Net Investment in Capital Assets</b>	<u>\$ 39,768,566</u>

Depreciation was charged to business-type functions as follows:

Water and wastewater	\$ 1,112,828
Power and light	190,084
<b>Total Business-Type Activities Depreciation Expense</b>	<u>\$ 1,302,912</u>

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

The following is a summary of changes in capital assets for the BEDC for the year end:

	Component Unit			
	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
<b>BEDC:</b>				
Capital assets not being depreciated:				
Land	\$ 416,323	\$ -	\$ -	\$ 416,323
Construction in progress	344,407	590,810	-	935,217
Total capital assets not being depreciated	760,730	590,810	-	1,351,540
Other capital assets:				
Machinery and equipment	8,301	-	-	8,301
Total other capital assets	8,301	-	-	8,301
Less accumulated depreciation for:				
Machinery and equipment	(8,301)	-	-	(8,301)
Total accumulated depreciation	(8,301)	-	-	(8,301)
Other capital assets, net	-	-	-	-
<b>BEDC Capital Assets, Net</b>	<b>\$ 760,730</b>	<b>\$ 590,810</b>	<b>\$ -</b>	<b>1,351,540</b>
			Less associated debt	(60,000)
			<b>Net Investment in Capital Assets</b>	<b>\$ 1,291,540</b>

### D. Long-Term Debt

The City issues general obligation bonds, certificates of obligation, and tax and revenue bonds to provide funds for the acquisition and construction of major capital facilities and improvement projects. Long-term debt of this nature has been issued for both governmental and business-type activities. These debt instruments are direct obligations and pledge the full faith and credit of the City. General obligation bonds and certificates of obligation generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 3 to 30 years. The City issues maintenance tax notes or obtains regular notes payable financing arrangements from banks to provide funds for the acquisition of equipment or minor capital projects. Tax notes and regular notes payable are direct obligations and pledge the full faith and credit of the government. These debt instructions are generally repaid in equal installments of principal and interest over a period of 3 to 10 years.

#### Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

The following is a summary of changes in the City's governmental activities long-term liabilities for the year end:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General obligation bonds	\$ 11,685,000	\$ -	\$ (935,000)	\$ 10,750,000	* \$ 1,355,000
Certificates of obligation	10,230,000	12,135,000	(1,245,000)	21,120,000	* 790,000
Direct borrowings/private placement:					
Certificates of obligation	134,178	-	(27,549)	106,629	* 28,120
General obligation bonds	2,402,635	-	(506,083)	1,896,552	* 591,552
Notes payable	195,715	-	(22,364)	173,351	* 22,368
Leases payable	405,696	946,562	(250,281)	1,101,977	* 332,571
<b>Total bonds, notes, and other payables</b>	<u>25,053,224</u>	<u>13,081,562</u>	<u>(2,986,277)</u>	<u>35,148,509</u>	<u>3,119,611</u>
Deferred amounts:					
For issuance discounts/premiums	1,296,955	972,779	(206,636)	2,063,098	*
Other liabilities:					
Compensated absences	323,740	373,630	(326,829)	370,541	333,487
Net pension liability	1,627,848	1,207,558	-	2,835,406	-
OPEB liability - health	574,201	22,430	-	596,631	26,583
OPEB liability - TMRS	375,478	-	(121,249)	254,229	2,522
<b>Total Governmental Activities</b>	<u>\$ 29,251,446</u>	<u>\$ 15,657,959</u>	<u>\$ (3,640,991)</u>	<u>\$ 41,268,414</u>	<u>\$ 3,482,203</u>
			<b>Long-term debt due in more than one year</b>	<u>\$ 37,786,211</u>	
			<b>*Debt associated with governmental activities capital assets</b>	<u>\$ 37,211,607</u>	

Long-term liabilities of the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The general fund liquidates the governmental activities portion of the compensated absences liability, the net pension liability, and the OPEB liabilities.

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

The following is a summary of changes in the City's total business-type activities long-term liabilities for the fiscal year end:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Business-Type Activities:</b>					
Bonds, notes and other payables:					
General obligation bonds	\$ 8,215,000	\$ -	\$ (425,000)	\$ 7,790,000	* \$ 605,000
Certificates of obligation	37,090,000	26,910,000	(995,000)	63,005,000	* 845,000
Direct borrowings/private placement:					
Certificates of obligation	795,822	-	(152,451)	643,371	* 156,880
General obligation bonds	412,365	-	(203,917)	208,448	* 208,448
Notes payable	320,000	-	(260,000)	60,000	* 60,000
Revenue bonds	21,505,000	-	(330,000)	21,175,000	* 345,000
Leases payable	7,527	-	(4,505)	3,022	* 3,022
<b>Total bonds, notes, and other payables</b>	<u>68,345,714</u>	<u>26,910,000</u>	<u>(2,370,873)</u>	<u>92,884,841</u>	<u>2,223,350</u>
Deferred amounts:					
For issuance discounts/premiums	3,381,996	325,447	(175,009)	3,532,434	*
Other liabilities:					
Compensated absences	69,079	78,633	(55,130)	92,582	83,324
Net pension liability	277,385	126,451	-	403,836	-
OPEB liability - health	158,186	(4,297)	-	153,889	6,646
OPEB liability - TMRS	104,925	-	(13,778)	91,147	1,081
<b>Total Business-Type Activities</b>	<u>\$ 72,337,285</u>	<u>\$ 27,436,234</u>	<u>\$ (2,614,790)</u>	<u>\$ 97,158,729</u>	<u>\$ 2,314,401</u>
			<b>Long-term debt due in more than one year</b>	<u>\$ 94,844,328</u>	
			<b>*Debt associated with business-type activities capital assets</b>	<u>\$ 96,417,275</u>	

The following is a summary of changes in the BEDC long-term liabilities for the fiscal year end:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>BEDC</b>					
Notes payable:					
Direct borrowings/private placement:					
Notes payable	\$ 120,000	\$ -	\$ (60,000)	\$ 60,000	* \$ 60,000
Note to City	2,640,000	-	(215,000)	2,425,000	225,000
<b>Total notes payable</b>	<u>2,760,000</u>	<u>-</u>	<u>(275,000)</u>	<u>2,485,000</u>	<u>285,000</u>
Other liabilities:					
Compensated absences	15,326	7,385	(7,546)	15,165	13,649
Net pension liability	102,957	139,158	-	242,115	-
OPEB liability - health	32,741	2,585	-	35,326	1,413
OPEB liability - TMRS	19,199	-	(13,973)	5,226	52
<b>BEDC Activities</b>	<u>\$ 2,930,223</u>	<u>\$ 149,128</u>	<u>\$ (296,519)</u>	<u>\$ 2,782,832</u>	<u>\$ 300,114</u>
			<b>Bonds and notes due in more than one year</b>	<u>\$ 2,482,718</u>	
			<b>*Debt associated with BEDCs capital assets</b>	<u>\$ 60,000</u>	



# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rate	Original Issue	Balance
<b><u>Governmental Activities:</u></b>			
<b>BONDS PAYABLE</b>			
Gen. Oblig. Bonds, Series 2005	3.67%	\$ 2,445,000	\$ 345,000
Gen. Oblig. Bonds, Series 2006	4.24%	\$ 345,000	75,000
Certificates of Oblig., Series 2006 (31.4%)	4.19%	\$ 227,650	32,970
Gen. Oblig. Bonds, Series 2007	4.08%	\$ 1,220,000	340,000
Certificates of Obligation, Series 2007 (11.42%)	4.04%	\$ 264,944	73,659
GO Refunding, Series 2014 (74.53%)	2.00- 4.00%	\$ 1,695,558	1,645,000
GO Refunding, Series 2016 (58%)	2.00- 4.00%	\$ 1,440,000	725,000
GO Refunding, Series 2017 (83%)	2.00- 4.00%	\$ 3,745,000	2,625,000
Combination Tax & Rev., Cert. of Oblig., Series 2018	3.75 - 4.00%	\$ 4,605,000	3,325,000
Limited Tax Note, Series 2019	1.78%	\$ 465,000	265,000
Combination Tax & Rev., Cert. of Oblig, Series 2020	2.00- 4.00%	\$ 2,615,000	2,115,000
Gen. Oblig. Refunding Bonds, Series 2020 (60.42%)	0.96-1.27%	\$ 1,446,497	21,552
Limited Tax Note, Series 2020	1.21%	\$ 1,000,000	850,000
Certificates of Oblig., Series 2021	2.00 - 5.00%	\$ 580,000	540,000
Gen. Oblig. Refunding Bonds, Series 2021	2.00- 4.00%	\$ 705,000	245,000
Gen. Oblig. Refunding Bonds, Series 2021A	0.30% - 2.18%	\$ 5,650,000	5,510,000
Combination Tax & Rev., Cert. of Oblig, Series 2022	3.00-4.00%	\$ 3,235,000	3,005,000
Combination Tax & Rev., Cert. of Oblig, Series 2023	4.00-5.00%	\$ 12,135,000	12,135,000
<b>TOTAL BONDS PAYABLE</b>			<b>33,873,181</b>
<b>NOTES PAYABLE</b>			
Notes Payable - Texas Capital Fund - Art Foundry	0.00%	\$ 447,351	173,351
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>			<b>\$ 34,046,532</b>
<b><u>Business-Type Activities:</u></b>			
<b>BONDS PAYABLE</b>			
Certificates of Oblig., Series 2006 (68.6%)	4.19%	\$ 497,350	\$ 72,030
Certificates of Oblig., Series 2007 (88.58%)	4.04%	\$ 2,055,056	571,341
Combination Tax & Rev., Cert. of Oblig., Series 2014	2.00 - 3.50%	\$ 5,985,000	2,595,000
GO Refunding., Series 2016 (42%)	2.00 - 4.00%	\$ 1,085,000	555,000
GO Refunding, Series 2017 (12.7%)	2.00 - 3.50%	\$ 610,000	535,000
Utility System Revenue Bonds, Series 2019	2.00 - 4.00%	\$ 1,900,000	1,630,000
Gen. Oblig. Refunding Bonds, Series 2020 (39.58%)	2.00 - 4.00%	\$ 948,503	208,448
Utility System Revenue Bonds, Series 2020	2.00 - 5.00%	\$ 20,065,000	19,545,000
Certificates of Obligation, Series 2021	2.00 - 5.00%	\$ 33,990,000	33,500,000
Gen. Oblig. Refunding Bonds, Series 2021	2.00 - 4.00%	\$ 2,780,000	2,105,000
Gen. Oblig. Refunding Bonds, Series 2021A	0.30 - 2.18%	\$ 4,410,000	4,595,000
Combination Tax & Rev., Cert. of Oblig, Series 2023	4.00-5.00%	\$ 26,910,000	26,910,000
<b>TOTAL BONDS PAYABLE</b>			<b>92,821,819</b>
<b>NOTES PAYABLE</b>			
Notes Payable - Ingram Note	0.00%	\$ 600,000	60,000
<b>TOTAL NOTES PAYABLE</b>			<b>60,000</b>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>			<b>\$ 92,881,819</b>

**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

Description	Interest Rate	Original Issue	Balance
<b>BEDC:</b>			
<b>NOTES PAYABLE</b>			
Notes Payable - City of Bastrop	0.00%	\$ 600,000	\$ 60,000
<b>NOTES TO CITY</b>			
Due to City of Bastrop - 13.4% GO Refunding, Series 2017	0.00%		440,000
Due to City of Bastrop - 31.93% GO Refunding, Series 2021A	0.00%		1,985,000
<b>TOTAL NOTES PAYABLE</b>			<u>2,485,000</u>
<b>TOTAL BEDC</b>			<u>\$ 2,485,000</u>

The annual requirements to amortize bond and notes outstanding at year end were as follows:

**Governmental Activities:**

Fiscal Year	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,355,000	\$ 291,090	\$ 1,646,090	\$ 790,000	\$ 851,138	\$ 1,641,138
2025	1,165,000	258,492	1,423,492	815,000	824,738	1,639,738
2026	1,185,000	227,912	1,412,912	1,040,000	800,338	1,840,338
2027	1,260,000	195,542	1,455,542	1,385,000	761,288	2,146,288
2028	1,340,000	157,642	1,497,642	1,440,000	703,388	2,143,388
2029-2033	4,445,000	295,433	4,740,433	6,585,000	2,662,038	9,247,038
2034-2038	-	-	-	5,250,000	1,442,713	6,692,713
2039-2042	-	-	-	3,815,000	388,797	4,203,797
	<u>\$ 10,750,000</u>	<u>\$ 1,426,111</u>	<u>\$ 12,176,111</u>	<u>\$ 21,120,000</u>	<u>\$ 8,434,438</u>	<u>\$ 29,554,438</u>

**Direct Borrowings/Private Placements**

Fiscal Year	General Obligation Bonds			Certificates of Obligation			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 591,552	\$ 42,346	\$ 633,898	\$ 28,120	\$ 4,029	\$ 32,149	\$ 22,368	\$ -	\$ 22,368
2025	585,000	25,668	610,668	29,262	2,754	32,016	22,368	-	22,368
2026	415,000	12,864	427,864	29,833	1,445	31,278	22,368	-	22,368
2027	305,000	4,444	309,444	19,414	392	19,806	22,368	-	22,368
2028	-	-	-	-	-	-	22,368	-	22,368
2029-2031	-	-	-	-	-	-	61,511	-	61,511
	<u>\$ 1,896,552</u>	<u>\$ 85,322</u>	<u>\$ 1,981,874</u>	<u>\$ 106,629</u>	<u>\$ 8,620</u>	<u>\$ 115,249</u>	<u>\$ 173,351</u>	<u>\$ -</u>	<u>\$ 173,351</u>

**Business-type Activities:**

Fiscal Year	General Obligation Bonds			Certificates of Obligation			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 605,000	\$ 191,668	\$ 796,668	\$ 845,000	\$ 2,104,620	\$ 2,949,620	\$ 345,000	\$ 630,813	\$ 975,813
2025	650,000	180,353	830,353	885,000	2,071,295	2,956,295	370,000	614,313	984,313
2026	665,000	167,298	832,298	920,000	2,035,357	2,955,357	380,000	596,613	976,613
2027	685,000	153,353	838,353	1,255,000	1,996,557	3,251,557	420,000	578,413	998,413
2028	740,000	136,828	876,828	1,310,000	1,941,205	3,251,205	565,000	558,263	1,123,263
2029-2033	4,000,000	368,470	4,368,470	6,640,000	8,850,394	15,490,394	3,690,000	2,392,513	6,082,513
2034-2038	445,000	10,146	455,146	8,680,000	7,504,071	16,184,071	4,275,000	1,831,463	6,106,463
2039-2043	-	-	-	11,010,000	6,232,867	17,242,867	4,275,000	1,298,463	5,573,463
2044-2048	-	-	-	17,290,000	4,150,455	21,440,455	4,760,000	673,575	5,433,575
2049-2052	-	-	-	14,170,000	1,180,443	15,350,443	2,095,000	78,875	2,173,875
	<u>\$ 7,790,000</u>	<u>\$ 1,208,116</u>	<u>\$ 8,998,116</u>	<u>\$ 63,005,000</u>	<u>\$ 38,067,264</u>	<u>\$ 101,072,264</u>	<u>\$ 21,175,000</u>	<u>\$ 9,253,300</u>	<u>\$ 30,428,300</u>

**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

**Business-type Activities:**

Fiscal Year	Direct Borrowings/Private Placements								
	General Obligation Bonds			Certificates of Obligation			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 208,448	\$ 2,647	\$ 211,095	\$ 156,880	\$ 23,455	\$ 180,335	\$ 60,000	\$ -	\$ 60,000
2025	-	-	-	165,738	16,685	182,423	-	-	-
2026	-	-	-	170,167	9,647	179,814	-	-	-
2027	-	-	-	150,586	3,042	153,628	-	-	-
	<u>\$ 208,448</u>	<u>\$ 2,647</u>	<u>\$ 211,095</u>	<u>\$ 643,371</u>	<u>\$ 52,829</u>	<u>\$ 696,200</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>

**BEDC:**

Fiscal Year	Direct Borrowings/Private Placements								
	Notes Payable			Notes Payable			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 225,000	\$ 50,227	\$ 275,227	\$ 60,000	\$ -	\$ 60,000	\$ 285,000	\$ 50,227	\$ 335,227
2025	240,000	46,747	286,747	-	-	-	240,000	46,747	286,747
2026	240,000	42,417	282,417	-	-	-	240,000	42,417	282,417
2027	255,000	37,747	292,747	-	-	-	255,000	37,747	292,747
2028	280,000	32,046	312,046	-	-	-	280,000	32,046	312,046
2029-2033	1,185,000	73,202	1,258,202	-	-	-	1,185,000	73,202	1,258,202
	<u>\$ 2,425,000</u>	<u>\$ 282,386</u>	<u>\$ 2,707,386</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 2,485,000</u>	<u>\$ 282,386</u>	<u>\$ 2,767,386</u>

New Debt

On January 10, 2023 the City issued the Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates") for use in construction and improvements to the City's water and wastewater system, streets, drainage and related infrastructure, as well as public safety improvements and the acquisition of land for a future fire station. The principal on the Certificates totaled \$39,045,000 and carry an interest rate of 4.00% to 5.00%. The certificates will mature in August of 2052.

Leases

The City is a lessee to various lease agreements for copiers and office equipment, as well as vehicles. During the current year, the City entered into 13 new vehicle lease agreements for the internal service fund with terms from 48 to 60 month and an initial lease payable and right-to-use asset amount of \$946,562. These leases span in length from 25 months to 60 months in term. The value of the right-to-use assets as of the end of the current fiscal year was \$1,410,836 and had accumulated amortization of \$316,535.

The future principal and interest payments on the lease liabilities as of September 30, 2023, are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 332,571	\$ 18,365	\$ 350,936	\$ 3,022	\$ 8	\$ 3,030
2025	329,381	12,026	341,407	-	-	-
2026	318,359	5,629	323,988	-	-	-
2027	95,484	1,189	96,673	-	-	-
2028	26,182	252	26,434	-	-	-
	<u>\$ 1,101,977</u>	<u>\$ 37,461</u>	<u>\$ 1,139,438</u>	<u>\$ 3,022</u>	<u>\$ 8</u>	<u>\$ 3,030</u>

**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

Lessor

On October 1, 2022, the BEDC entered into a 149-month lease as lessor for the use of Land Lease - Communications Tower Site. An initial lease receivable was recorded in the amount of \$209,499. As of September 30, 2023, the value of the lease receivable is \$184,550. The lessee is required to make monthly fixed payments of \$1,323. The lease has an interest rate of 1.755%. The value of the deferred inflow of resources as of September 30, 2023 was \$175,875, and City of Bastrop recognized lease revenue of \$16,812 during the fiscal year. The lessee has 2 extension options, each for 60 months. The City had a termination period of 1 month as of the lease commencement.

The following table illustrates the future payments the receivable and deferred inflow of resources will be changed by:

Fiscal Year	BEDC		
	Principal	Interest	Total
2024	\$ 14,128	\$ 3,131	\$ 17,259
2025	15,383	2,868	18,251
2026	15,655	2,595	18,251
2027	15,932	2,318	18,251
2028	16,214	2,037	18,251
2029 - 2033	98,531	5,269	103,800
2034	8,707	38	8,745
	<u>\$ 184,550</u>	<u>\$ 18,256</u>	<u>\$ 202,806</u>

**E. Interfund Transactions**

The composition of interfund balances as of year end is as follows:

Due To	Due From	Amount
General	Nonmajor	\$ 361,982
Water and wastewater	Community impact	148,330
	<b>Total</b>	<u>\$ 510,312</u>

Amounts recorded as due to/from are considered to be temporary loans and will generally be repaid during the following year.

Transfers between the primary government funds during the year were as follows:

Transfer In	Transfer Out	Amount
General	Bastrop Power & Light	\$ 650,000
General	Nonmajor	3,000
Debt service	Hotel/motel tax	523,000
Debt service	Hunters Crossing PID	47,592
Debt service	Nonmajor	19,309
Nonmajor	General	1,165,000
Water and wastewater	Community impact	1,829,054
Internal service	General	503,623
Internal service	Bastrop Power & Light	35,000
Internal service	Water and wastewater	215,000
		<u>\$ 4,990,578</u>

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

Amounts transferred between funds relate to the following activities:

- The general fund transferred \$1,165,000 to nonmajor funds for current and future capital outlay.
- Transfers to the general fund were made by the Bastrop power and light fund and the nonmajor funds as contributions to the general fund for various governmental expenditures.
- Transfer to the debt service fund were annual transfers for debt service-related expenditures.
- Transfer to the water and wastewater fund were annual funding transfers from the community impact fund.
- Transfer to the internal service fund were made by the general fund, Bastrop power and light, and the water and wastewater fund as annual funding for various projects.

### IV. OTHER INFORMATION

#### A. 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; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

#### B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

#### C. Construction and Other Significant Commitments

Construction in progress and remaining commitments under related construction contracts for governmental activities projects at year end are as follows:

<u>Governmental Activities:</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
WWTP#3 and Collector Lines - Engineering	\$ 5,981,899	\$ 700,215
WWTP#3 Construction	25,514,841	854,159
Westside Collection System Construction-Phase II	3,239,593	1,246,351
XS Water Line and Water Plant-Engineering	4,428,643	1,292,582
XS Water Line and Water Plant-Construction	28,106,328	40,671,726
<b>Total</b>	<b>\$ 67,271,304</b>	<b>\$ 44,765,033</b>

**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

<u>BEDC:</u>	<u>Spent</u>	<u>Remaining</u>
Jackson Street Extension	<u>To Date</u>	<u>Commitment</u>
	\$ 444,684	\$ 1,175,316

**D. Pension Plan**

**Texas Municipal Retirement System**

Plan Description

The City and the BEDC participates as one of 909 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the "Board"); however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

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 member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions 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:

	<u>2023</u>	<u>2022</u>
Employee deposit rate	6.00%	6.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

Employees Covered by Benefit Terms

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

	City	BEDC
Inactive employees or beneficiaries currently receiving benefits	66	7
Inactive employees entitled to but not yet receiving benefits	100	10
Active employees	135	14
Total	301	31

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, 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 actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City and the BEDC were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.58% and 11.87% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2023 were \$3,080,416, which 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 NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active members, 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 is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

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. The assumptions were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates 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 weighing the expected future real rates of return by the target 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, TMRS's actuary 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 real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global public equity	35%	7.7%
Core fixed income	6%	4.9%
Non-core fixed income	20%	8.7%
Other public and private markets	12%	8.1%
Real estate	12%	5.8%
Hedge funds	5%	6.9%
Private equity	10%	11.8%
<b>Total</b>	<b>100.0%</b>	

### Discount Rate

The discount rate used to measure the TPL 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 TMRS 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 TPL.



**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

Changes in the NPL

	City		
	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 1,207,985	\$ -	\$ 1,207,985
Interest	1,657,688	-	1,657,688
Difference between expected and actual experience	118,271	-	118,271
Contributions - employer	-	2,789,433	(2,789,433)
Contributions - employee	-	502,281	(502,281)
Net investment income	-	(1,644,526)	1,644,526
Benefit payments, including refunds of employee contributions	(724,136)	(724,136)	-
Administrative expense	-	(14,212)	14,212
Other changes	-	16,958	(16,958)
<b>Net Changes</b>	<b>2,259,808</b>	<b>925,798</b>	<b>1,334,010</b>
Balance at December 31, 2021	25,362,137	23,456,905	1,905,232
<b>Balance at December 31, 2022</b>	<b>\$ 27,621,945</b>	<b>\$ 24,382,703</b>	<b>\$ 3,239,242</b>

	BEDC		
	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 126,012	\$ -	\$ 126,012
Interest	172,924	-	172,924
Difference between expected and actual experience	12,338	-	12,338
Contributions - employer	-	290,983	(290,983)
Contributions - employee	-	52,396	(52,396)
Net investment income	-	(171,551)	171,551
Benefit payments, including refunds of employee contributions	(75,539)	(75,539)	-
Administrative expense	-	(1,482)	1,482
Other changes	-	1,770	(1,770)
<b>Net Changes</b>	<b>235,735</b>	<b>96,577</b>	<b>139,158</b>
Balance at December 31, 2021	1,490,876	1,387,919	102,957
<b>Balance at December 31, 2022</b>	<b>\$ 1,726,611</b>	<b>\$ 1,484,496</b>	<b>\$ 242,115</b>

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

### Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City and the BEDC, calculated using the discount rate of 6.75%, as well as what the City's and BEDC's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one 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%)
City's Net Pension Liability	\$ 6,945,346	\$ 3,239,241	\$ (155,168)
BEDC's Net Pension Liability	1,061,023	242,116	(23,705)
<b>Total Net Pension Liability</b>	<b>\$ 8,006,369</b>	<b>\$ 3,481,357</b>	<b>\$ (178,873)</b>

### Pension Plan Fiduciary Net Position

Detailed information about the TMRS's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [www.tnrs.com](http://www.tnrs.com).

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

For the fiscal year ended September 30, 2023, the City and the BEDC recognized net pension expense of \$1,584,705.

At September 30, 2023, the City and the BEDC reported deferred outflows of resources related to pensions from the following sources:

	City	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual economic experience	\$ 290,857	\$ -
Changes in actuarial assumptions	5,100	-
Net difference between projected and actual investment earnings	1,540,394	-
Contributions subsequent to the measurement date	896,033	-
<b>Total</b>	<b>\$ 2,732,384</b>	<b>\$ -</b>
	BEDC	
	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual economic experience	\$ 17,531	\$ -
Changes in actuarial assumptions	307	-
Net difference between projected and actual investment earnings	92,841	-
Contributions subsequent to the measurement date	54,005	-
<b>Total</b>	<b>\$ 164,684</b>	<b>\$ -</b>

\$896,033 for the City and \$54,005 for the BEDC 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 NPL for the fiscal year ending September 30, 2024. Other amounts reported as

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense	
	City	BEDC
2024	\$ 265,486	\$ 16,001
2025	487,666	29,392
2026	424,294	25,573
2027	658,905	39,713
Total	<u>\$ 1,836,351</u>	<u>\$ 110,679</u>

### E. Other Postemployment Benefits

#### 1. TMRS – Supplemental Death Benefits

##### Plan Description

The City and the BEDC participate in an OPEB plan administered by TMRS. TMRS administers the 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 member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

##### Benefits

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 OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

Participation in the SDBF as of December 31, 2022 is summarized below:

	City	BEDC
Inactive employees or beneficiaries currently receiving benefits	53	5
Inactive employees entitled to, but not yet receiving, benefits	24	2
Active employees	135	14
Total	212	21

### Total OPEB Liability

The City's and the BEDC's total OPEB liability of \$351,683 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	4.05%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the Pension Trust Fund and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables 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 discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating 2023 and 2024 rates as determined in the December 31, 2021 and December 31, 2022 actuarial valuation, respectively.

**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>	
	<u>City</u>	<u>BEDC</u>
Changes for the year:		
Service cost	\$ 31,812	\$ 3,318
Interest	8,556	892
Difference between expected and actual experience	6,878	718
Changes of assumptions	(174,494)	(18,203)
Benefit payments*	(6,698)	(698)
<b>Net Changes</b>	<u>(133,946)</u>	<u>(13,973)</u>
Beginning balance	480,403	19,199
<b>Ending Balance</b>	<u>\$ 346,457</u>	<u>\$ 5,226</u>

Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

The discount rate increased from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City and the BEDC, as well as what the City's and BEDC's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
City's portion	\$ 409,695	\$ 346,457	\$ 284,371
BEDC's portion	15,136	5,226	10,506
<b>Total OPEB liability</b>	<u>\$ 424,831</u>	<u>\$ 351,683</u>	<u>\$ 294,877</u>

**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City and the BEDC recognized OPEB expense of \$28,428. The City and the BEDC reported deferred outflows/inflows of resources related to OPEB from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 51,636	\$ 144,183
Difference in expected and actual economic experience	5,845	11,514
Contributions subsequent to the measurement date	7,156	-
<b>Total</b>	<b>\$ 64,637</b>	<b>\$ 155,697</b>
	BEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 2,208	\$ 12,689
Difference in expected and actual economic experience	250	1,013
Contributions subsequent to the measurement date	306	-
<b>Total</b>	<b>\$ 2,764</b>	<b>\$ 13,702</b>

\$7,156 for the City and \$306 for BEDC reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the of total OPEB liability for the fiscal year ending September 30, 2024.

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30	OPEB Expense	
	City	BEDC
2024	\$ (14,834)	(1,698)
2025	(18,175)	(2,081)
2026	(30,446)	(3,486)
2027	(32,789)	(3,754)
2028	(1,972)	(225)
<b>Total</b>	<b>\$ (98,216)</b>	<b>(11,244)</b>

**2. Postemployment Healthcare Plan**

Plan Description

The City offers its retired employees health insurance benefits through a single-employer defined benefit OPEB plan (the "Program"), under City policy. The program is administered by the City and it has the authority to establish and amend the benefit terms and financing arrangements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

# CITY OF BASTROP, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

### Benefits and Contributions

Effective June 1, 2016, retirees who are at least 58 years old at retirement and have at least 25 or more years of service with the City are eligible for City-paid health coverage until they reach 65 or become eligible for Medicare. The City pays the premium for the eligible retired members, otherwise, the retired employee pays a premium. Dependents of the retired employee are not eligible for any City contribution but may be eligible to continue coverage under the City's group health insurance plan in accordance with the Consolidated Budget Reconciliation Act. Additionally, eligible retirees receive \$2,000 life insurance fully paid by the City. The City's contributions to the Program for the year ended September 30, 2023 were \$32,664, which equal benefit payments for retirees. A separate, audited GAAP basis OPEB plan report is not available for this Program.

Participation in the Program as of September 30, 2023 is summarized below:

	City	BEDC
Inactive employees or beneficiaries currently receiving benefits	3	-
Inactive employees entitled to, but not yet receiving, benefits	-	-
Active employees	122	13
Total	125	13

### Actuarial Assumptions and Other Inputs

Significant methods and assumptions were as follows:

Inflation	2.50%
Salary increases	2.75% average which includes inflation
Discount rate	4.87% per annum, which includes inflation
Healthcare cost trend rates	7.10% initial 2022 medical trend rate for pre-65 retirees decreasing to an ultimate rate of 4.14% in the year 2041
Mortality rates-service retirees	Mortality rates were updated and are based upon the sex distinct headcount weighted PUB 2010 tables recently released by the Society of Actuaries with generational mortality improvement scale MP-2021

\*The discount rate is based on yields of 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Projections of health benefits are based on the Program as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities.

Since the prior fiscal year, the discount rate was updated from 4.77% to 4.87% based upon yields of 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

Changes in the Total OPEB Liability

The City's and BEDC's total OPEB liability was measured as of September 30, 2023 and was determined by an actuarial valuation as of September 30, 2022.

	<u>Total OPEB Liability</u>	
	<u>City</u>	<u>BEDC</u>
Changes for the year:		
Service cost	\$ 27,475	\$ 2,866
Interest	33,654	3,511
Changes of assumptions	(6,772)	(706)
Benefit payments	(29,578)	(3,086)
<b>Net Changes</b>	<u>24,779</u>	<u>2,585</u>
Beginning balance	732,387	32,741
<b>Ending Balance</b>	<u>\$ 757,166</u>	<u>\$ 35,326</u>

Sensitivity of Total OPEB Liability to the Discount Rate

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the Program's total OPEB liability, calculated using a discount rate of 4.87%, as well as what the Program's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<u>Discount Rate Sensitivity</u>		
	<u>1% Decrease (3.87%)</u>	<u>Discount Rate (4.87%)</u>	<u>1% Increase (5.87%)</u>
City's portion	\$ 774,536	\$ 757,166	\$ 618,366
BEDC's portion	29,651	35,326	23,673
<b>Total OPEB Liability</b>	<u>\$ 804,187</u>	<u>\$ 792,492</u>	<u>\$ 642,039</u>

Sensitivity of Total OPEB Liability to the Healthcare Costs Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the Program's total OPEB liability, calculated using the assumed trend rates, as well as what the Program's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher.

	<u>Healthcare Cost Trend Sensitivity</u>		
	<u>1% Decrease (5.8%)</u>	<u>Trend Rate (6.8%)</u>	<u>1% Increase (7.8%)</u>
City's portion	\$ 611,594	\$ 757,166	\$ 786,266
BEDC's portion	23,413	35,326	30,100
<b>Total OPEB Liability</b>	<u>\$ 684,962</u>	<u>\$ 792,492</u>	<u>\$ 1,037,256</u>



**CITY OF BASTROP, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City and the BEDC recognized OPEB expense of \$76,847. The City and the BEDC reported deferred outflows/inflows of resources related to OPEB from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 33,556	\$ 59,951
Difference in expected and actual economic experience	29,824	58,226
Contributions after measurement date	6,637	-
<b>Total</b>	<b>\$ 70,017</b>	<b>\$ 118,177</b>
	BEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 5,782	\$ 3,840
Difference in expected and actual economic experience	5,140	3,730
Contributions after measurement date	1,144	-
<b>Total</b>	<b>\$ 12,066</b>	<b>\$ 7,570</b>

\$6,637 for the City and \$1,144 for BEDC reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the of total OPEB liability for the fiscal year ending September 30, 2024.

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended	OPEB Expense	
September 30	City	BEDC
2024	\$ (1,748)	\$ 107
2025	(1,035)	63
2026	(2,745)	168
2027	(26,189)	1,602
2028	(21,948)	1,343
Thereafter	(1,132)	69
<b>Total</b>	<b>\$ (54,797)</b>	<b>\$ 3,352</b>

The aggregate amount of OPEB expenses for the City's and BEDC's two OPEB plans for fiscal year 2023 was \$105,275.

**E. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees

# **CITY OF BASTROP, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2023**

until termination, retirement, death, or unforeseeable emergency. The Plan's trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to Nationwide, a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions.

### **F. Chapter 380 Economic Development Agreement**

Chapter 380 of the Texas Local Government Code, *Miscellaneous Provisions Relating to Municipal Planning and Development*, provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity in the municipality.

Bastrop Retail Partners, L.P. ("the Developer") acquired approximately 60 acres of land for the purposes of developing the property as an integrated, planned development retail project highlighting Bastrop's heritage, including a plaza area devoted to recognizing the legacy of prominent figure(s) in the City's history, symbolized by Edward Burleson, as illustrated by the project's name "Burleson Crossing". The City and the BEDC entered into an agreement with a developer in August 2007 to rebate one and one-half cents of sales tax. The City also agreed to rebate 50% of the incremental increase in property taxes since 2007. Commitments made by the Developer include building a project based on guidelines in the agreement, complying with building codes, and maintaining the property in good order and condition. The maximum amount to be rebated by the City and BEDC is \$7,370,694 plus the developer's actual cost of funds (interest carry), over 15 years. During the fiscal year, the City made sales tax rebate payments of \$54,489 and the BEDC made sales tax rebate payments of \$27,241. As of fiscal year end, the Develop has received \$9,232,710 in total rebates.

***REQUIRED SUPPLEMENTARY INFORMATION***

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**CITY OF BASTROP, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended September 30, 2023

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 4,848,261	\$ 4,848,261	\$ 4,898,795	\$ 50,534
Sales taxes	7,842,400	8,160,115	8,279,421	119,306
Franchise fees	458,000	458,000	500,378	42,378
Licenses and permits	1,773,000	1,948,000	2,902,068	954,068
Fines and forfeitures	285,000	285,000	346,026	61,026
Charges for services	865,550	865,550	950,985	85,435
Intergovernmental	42,304	104,682	82,215	(22,467)
Investment revenue	40,000	40,000	104,210	64,210
Other revenue	40,000	40,000	1,762,271	1,722,271
<b>Total Revenues</b>	<b>16,194,515</b>	<b>16,749,608</b>	<b>19,826,369</b>	<b>3,076,761</b>
<b>Expenditures</b>				
<b>Current:</b>				
<b>General government:</b>				
City council	46,803	46,803	55,991	(9,188) *
Organizational	1,022,541	1,110,041	1,113,190	(3,149) *
City Manager	745,245	745,245	657,387	87,858
City Secretary	319,915	295,436	281,391	14,045
Finance	1,814,049	1,814,049	1,751,219	62,830
Human resources	285,164	382,611	370,667	11,944
Information technology	607,128	607,128	541,010	66,118
Public works	3,521,859	3,521,859	2,431,246	1,090,613
Total general government expenditures	<b>8,362,704</b>	<b>8,523,172</b>	<b>7,202,101</b>	<b>1,321,071</b>
<b>Public safety:</b>				
Police	4,057,045	4,249,674	4,080,216	169,458
Fire	1,362,012	1,444,227	1,441,532	2,695
Municipal court	396,162	396,162	359,952	36,210
Total public safety expenditures	<b>5,815,219</b>	<b>6,090,063</b>	<b>5,881,700</b>	<b>208,363</b>
<b>Development services:</b>				
Building inspection	690,482	780,181	786,349	(6,168) *
Planning	796,810	932,110	846,071	86,039
Engineering and development	522,911	522,911	324,013	198,898
Total development services expenditures	<b>2,010,203</b>	<b>2,235,202</b>	<b>1,956,433</b>	<b>278,769</b>
<b>Community services:</b>				
Library	814,525	814,860	780,024	34,836
Community engagement	1,165,515	1,119,547	1,006,403	113,144
Parks	917,780	917,780	815,322	102,458
Total community services expenditures	<b>2,897,820</b>	<b>2,852,187</b>	<b>2,601,749</b>	<b>250,438</b>
Capital outlay	90,000	90,000	161,512	(71,512) *
Principal	29,319	29,319	29,319	-
<b>Total Expenditures</b>	<b>19,205,265</b>	<b>19,819,943</b>	<b>17,832,814</b>	<b>1,987,129</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(3,010,750)</b>	<b>(3,070,335)</b>	<b>1,993,555</b>	<b>5,063,890</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	653,000	653,000	653,000	-
Transfers (out)	(1,668,623)	(1,668,623)	(1,668,623)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,015,623)</b>	<b>(1,015,623)</b>	<b>(1,015,623)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ (4,026,373)</b>	<b>\$ (4,085,958)</b>	<b>977,932</b>	<b>\$ 5,063,890</b>
Beginning fund balance			8,141,505	
<b>Ending Fund Balance</b>			<b>\$ 9,119,437</b>	

**Notes to Required Supplementary Information:**

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- \*Expenditures exceeded appropriations at the legal level of control.

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**CITY OF BASTROP, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**HOTEL/MOTEL TAX FUND**  
For the Year Ended September 30, 2023

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Hotel/motel taxes	\$ 2,832,000	\$ 3,235,000	\$ 3,473,118	\$ 238,118
Intergovernmental	66,554	66,554	61,500	(5,054)
Charges for services	218,000	218,000	330,739	112,739
Investment revenue	15,000	15,000	34,576	19,576
<b>Total Revenues</b>	<u>3,131,554</u>	<u>3,534,554</u>	<u>3,899,933</u>	<u>365,379</u>
<b>Expenditures</b>				
<b>Current:</b>				
Hotel tax expense	2,416,975	3,121,700	2,786,678	335,022
Hospitality and downtown	1,424,152	1,424,152	794,066	630,086
Art in Public Places	55,500	55,500	18,039	37,461
Rodeo arena	3,200	3,200	3,497	(297) *
<b>Total Expenditures</b>	<u>3,899,827</u>	<u>4,604,552</u>	<u>3,602,280</u>	<u>1,002,272</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(768,273)</u>	<u>(1,069,998)</u>	<u>297,653</u>	<u>(636,893)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(523,000)	(523,000)	(523,000)	-
<b>Total Other Financing (Uses)</b>	<u>(523,000)</u>	<u>(523,000)</u>	<u>(523,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,291,273)</u>	<u>\$ (1,592,998)</u>	<u>(225,347)</u>	<u>\$ 1,367,651</u>
Beginning fund balance			<u>3,633,803</u>	
<b>Ending Fund Balance</b>			<u>\$ 3,408,456</u>	

**Notes to Required Supplementary Information:**

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. \*Expenditures exceeded appropriations at the legal level of control.

**CITY OF BASTROP, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**HUNTERS CROSSING PID**

For the Year Ended September 30, 2023

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 574,279	\$ 574,279	\$ 575,549	\$ 1,270
Investment revenue	1,600	1,600	6,764	5,164
<b>Total Revenues</b>	<u>575,879</u>	<u>575,879</u>	<u>582,313</u>	<u>6,434</u>
<b>Expenditures</b>				
<b>Current:</b>				
Economic development	485,505	517,505	513,645	3,860
<b>Total Expenditures</b>	<u>485,505</u>	<u>517,505</u>	<u>513,645</u>	<u>3,860</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>90,374</u>	<u>58,374</u>	<u>68,668</u>	<u>2,574</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(66,900)	(66,900)	(47,592)	19,308
<b>Total Other Financing (Uses)</b>	<u>(66,900)</u>	<u>(66,900)</u>	<u>(47,592)</u>	<u>19,308</u>
<b>Net Change in Fund Balance</b>	<u>\$ 23,474</u>	<u>\$ (8,526)</u>	21,076	<u>\$ 29,602</u>
Beginning fund balance			<u>92,817</u>	
<b>Ending Fund Balance</b>			<u>\$ 113,893</u>	

**Notes to Required Supplementary Information:**

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).



**CITY OF BASTROP, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**AMERICAN RECOVERY**

For the Year Ended September 30, 2023

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment revenue	\$ 3,000	\$ 3,000	\$ 32,634	\$ 29,634
<b>Total Revenues</b>	3,000	3,000	32,634	29,634
<b>Expenditures</b>				
<b>Current:</b>				
Capital outlay	2,156,205	2,156,205	-	2,156,205
<b>Total Expenditures</b>	2,156,205	2,156,205	-	2,156,205
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(2,153,205)	(2,153,205)	32,634	(2,126,571)
<b>Net Change in Fund Balance</b>	\$ (2,153,205)	\$ (2,153,205)	32,634	\$ 2,185,839
Beginning fund balance			-	
<b>Ending Fund Balance</b>			\$ 32,634	

**Notes to Required Supplementary Information:**

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**CITY OF BASTROP, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**  
For the Year Ended September 30, 2023

	Measurement Year*			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service cost	\$ 647,254	\$ 765,716	\$ 877,585	\$ 949,690
Interest (on the total pension liability)	906,043	992,085	1,065,490	1,162,037
Difference between expected and actual experience	19,757	93,002	(22,910)	151,268
Change of assumptions	-	134,544	-	-
Benefit payments, including refunds of employee contributions	(394,341)	(411,888)	(445,883)	(605,903)
<b>Net Change in Total Pension Liability</b>	<u>1,178,713</u>	<u>1,573,459</u>	<u>1,474,282</u>	<u>1,657,092</u>
Beginning total pension liability	<u>12,817,021</u>	<u>13,995,734</u>	<u>15,569,193</u>	<u>17,043,475</u>
<b>Ending Total Pension Liability</b>	<u>\$ 13,995,734</u>	<u>\$ 15,569,193</u>	<u>\$ 17,043,475</u>	<u>\$ 18,700,567</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 497,753	\$ 584,017	\$ 656,980	\$ 759,882
Contributions - employee	313,054	327,229	362,639	394,062
Net investment income	618,954	17,476	834,607	1,905,936
Benefit payments, including refunds of employee contributions	(394,341)	(411,888)	(445,883)	(605,903)
Administrative expense	(6,461)	(10,647)	(9,427)	(9,876)
Other	(531)	(526)	(508)	(501)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,028,428</u>	<u>505,661</u>	<u>1,398,408</u>	<u>2,443,600</u>
Beginning plan fiduciary net position	<u>10,817,648</u>	<u>11,846,076</u>	<u>12,351,737</u>	<u>13,750,145</u>
<b>Ending Plan Fiduciary Net Position</b>	<u>\$ 11,846,076</u>	<u>\$ 12,351,737</u>	<u>\$ 13,750,145</u>	<u>\$ 16,193,745</u>
<b>Net Pension Liability</b>	<u>\$ 2,149,658</u>	<u>\$ 3,217,456</u>	<u>\$ 3,293,330</u>	<u>\$ 2,506,822</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	84.64%	79.33%	80.68%	86.59%
<b>Covered Payroll</b>	\$ 5,217,564	\$ 5,453,817	\$ 6,043,976	\$ 6,567,702
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	41.20%	58.99%	54.49%	38.17%

\*Only nine years of information is currently available. The City will build this schedule over the next one-year period.

Measurement Year*					
	2018	2019	2020	2021	2022
\$	1,049,555	\$ 1,155,868	\$ 1,179,784	\$ 1,191,083	\$ 1,333,997
	1,278,572	1,396,174	1,527,512	1,660,808	1,830,612
	95,980	121,723	81,944	398,167	130,609
	-	125,555	-	-	-
	(567,072)	(902,940)	(828,129)	(812,138)	(799,675)
	<u>1,857,035</u>	<u>1,896,380</u>	<u>1,961,111</u>	<u>2,437,920</u>	<u>2,495,543</u>
	<u>18,700,567</u>	<u>20,557,602</u>	<u>22,453,982</u>	<u>24,415,093</u>	<u>26,853,013</u>
\$	<u>20,557,602</u>	\$ <u>22,453,982</u>	\$ <u>24,415,093</u>	\$ <u>26,853,013</u>	\$ <u>29,348,556</u>
\$	819,985	\$ 908,840	\$ 913,656	\$ 951,374	\$ 3,080,416
	433,104	479,613	485,555	497,667	554,677
	(485,318)	2,535,671	1,472,775	2,795,773	(1,816,077)
	(567,072)	(902,940)	(828,129)	(812,138)	(799,675)
	(9,375)	(14,313)	(9,524)	(12,923)	(15,694)
	(489)	(430)	(370)	87	18,728
	<u>190,835</u>	<u>3,006,441</u>	<u>2,033,963</u>	<u>3,419,840</u>	<u>1,022,375</u>
	<u>16,193,745</u>	<u>16,384,580</u>	<u>19,391,021</u>	<u>21,424,984</u>	<u>24,844,824</u>
\$	<u>16,384,580</u>	\$ <u>19,391,021</u>	\$ <u>21,424,984</u>	\$ <u>24,844,824</u>	\$ <u>25,867,199</u>
\$	<u>4,173,022</u>	\$ <u>3,062,961</u>	\$ <u>2,990,109</u>	\$ <u>2,008,189</u>	\$ <u>3,481,357</u>
	79.70%	86.36%	87.75%	92.52%	88.14%
\$	7,218,398	\$ 7,993,556	\$ 8,086,254	\$ 8,294,447	\$ 9,244,608
	57.81%	38.32%	36.98%	24.21%	37.66%

**CITY OF BASTROP, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**POSTEMPLOYMENT HEALTH CARE PLAN**  
For the Year Ended September 30, 2023

	Measurement Year*			
	2018	2019	2020	2021
<b>Total OPEB Liability</b>				
Service cost	\$ 26,393	\$ 26,899	\$ 34,707	\$ 45,082
Interest (on the total OPEB liability)	24,601	25,690	29,126	19,727
Difference in expected and actual experience	(40,119)	-	81,583	-
Change of assumptions	35,460	11,200	72,503	(27,876)
Contributions - employer**	(16,887)	(16,887)	(32,447)	(44,499)
<b>Net Change in Total OPEB Liability</b>	<u>29,448</u>	<u>46,902</u>	<u>185,472</u>	<u>(7,566)</u>
Beginning total OPEB liability	<u>637,172</u>	<u>666,620</u>	<u>713,522</u>	<u>898,994</u>
<b>Ending Total OPEB Liability</b>	<u><u>\$ 666,620</u></u>	<u><u>\$ 713,522</u></u>	<u><u>\$ 898,994</u></u>	<u><u>\$ 891,428</u></u>
<b>Covered-Employee Payroll</b>	\$ 7,098,873	\$ 7,881,883	\$ 7,607,892	\$ 7,721,338
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	9.39%	9.05%	11.82%	11.54%

\*Only six years of information is currently available. The City will build this schedule over the next four-year period.

**Notes to Required Supplementary Information:**

1. Change of assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period.

2. Other information:

No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits for the pension/OPEB plan.

<b>Measurement Year*</b>	
<b>2022</b>	<b>2023</b>
\$ 46,247	\$ 30,341
20,192	37,165
(78,714)	-
(58,033)	(7,478)
<u>(55,992)</u>	<u>(32,664)</u>
<u>(126,300)</u>	<u>27,364</u>
<u>891,428</u>	<u>765,128</u>
<u>\$ 765,128</u>	<u>\$ 792,492</u>
\$ 8,291,656	\$ 10,100,688
9.23%	7.85%

**CITY OF BASTROP, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM -**  
**SUPPLEMENTAL DEATH BENEFITS FUND**  
For the Year Ended September 30, 2023

	Measurement Year*			
	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service cost	\$ 15,762	\$ 19,490	\$ 19,984	\$ 25,876
Interest (on the total OPEB liability)	9,226	9,693	10,836	10,553
Difference between expected and actual experience	-	(6,885)	(4,139)	(5,172)
Change of assumptions	23,298	(21,387)	64,459	65,057
Benefit payments**	(1,314)	(1,444)	(2,398)	(2,426)
<b>Net Change in Total OPEB Liability</b>	<u>46,972</u>	<u>(533)</u>	<u>88,742</u>	<u>93,888</u>
Beginning total OPEB liability	<u>236,838</u>	<u>283,810</u>	<u>283,277</u>	<u>372,019</u>
<b>Ending Total OPEB Liability</b>	<u><u>\$ 283,810</u></u>	<u><u>\$ 283,277</u></u>	<u><u>\$ 372,019</u></u>	<u><u>\$ 465,907</u></u>
<b>Covered-Employee Payroll</b>	\$ 6,340,147	\$ 7,098,873	\$ 7,881,883	\$ 7,847,955
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	4.48%	3.99%	4.72%	5.94%

\*Only six years of information is currently available. The City will build this schedule over the next four-year period.

\*\*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

**Notes to Required Supplementary Information:**

1. Changes in assumptions reflect a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.
2. There were no benefit changes during the year.
3. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101

<b>Measurement Year*</b>	
<b>2021</b>	<b>2022</b>
\$ 29,031	\$ 35,130
9,542	9,448
(14,030)	7,596
15,788	(192,697)
<u>(6,636)</u>	<u>(7,396)</u>
<u>33,695</u>	<u>(147,919)</u>
<u>465,907</u>	<u>499,602</u>
<u>\$ 499,602</u>	<u>\$ 351,683</u>
\$ 8,107,068	\$ 9,244,608
6.16%	3.80%

**CITY OF BASTROP, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM — PENSION**  
For the Year Ended September 30, 2023

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 494,007	\$ 551,472	\$ 668,216	\$ 723,434
Contributions in relation to the actuarially determined contribution	494,007	551,472	668,216	723,434
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,140,859</u>	<u>\$ 5,317,314</u>	<u>\$ 6,170,226</u>	<u>\$ 6,340,147</u>
Contributions as a percentage of covered payroll	9.61%	10.37%	10.83%	11.41%

**Notes to Required Supplementary Information:**

**1. Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

**2. Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12.00% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014 - December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**3. Other Information:**

There were no benefit changes during the year.



Fiscal Year**					
2018	2019	2020	2021	2022	2023
\$ 811,103	\$ 895,993	\$ 901,479	\$ 926,269	\$ 1,005,812	\$ 1,278,371
811,103	895,993	901,479	926,269	1,005,812	3,080,416
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,802,045)</u>
<u>\$ 7,098,873</u>	<u>\$ 7,881,883</u>	<u>\$ 7,847,955</u>	<u>\$ 8,107,068</u>	<u>\$ 8,803,029</u>	<u>\$ 9,244,608</u>
11.43%	11.37%	11.49%	11.43%	11.43%	33.32%

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**APPENDIX C**

**FORM OF BOND COUNSEL'S OPINION**

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*[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 BASTROP, TEXAS, COMBINATION TAX AND REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2024  
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$36,320,000**

**AS BOND COUNSEL FOR THE CITY OF BASTROP, TEXAS** (the "City") of the certificates of obligation described above (the "Certificates"), we have examined in to 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 10, 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, and a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate Number R-1).

**BASED ON SAID EXAMINATION, IT IS OUR OPINION** that said Certificates have been authorized, issued and delivered in accordance with law; and that said 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, the Certificates 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 principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, on all taxable property within the City and the Certificates are additionally secured by and payable from a limited pledge of surplus revenue of the City's water 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 aforementioned opinions, we have relied on certain representations, the accuracy of which



we have not independently verified, and assume compliance by the City 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 upon a failure by the City 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. 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



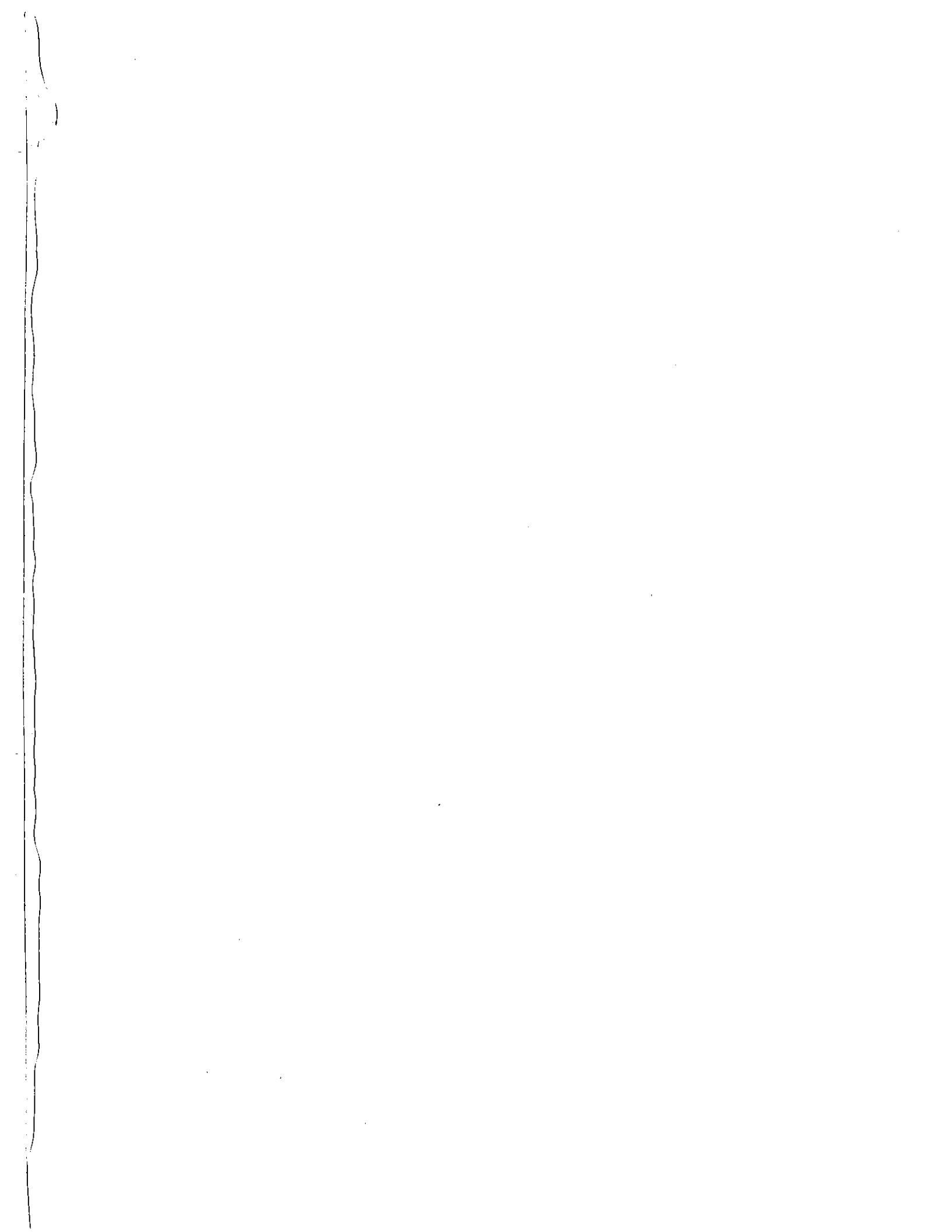
purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the 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,

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**SPECIALIZED PUBLIC FINANCE INC.**  
FINANCIAL ADVISORY SERVICES