

**OFFICIAL NOTICE OF SALE, OFFICIAL BID FORM
and
PRELIMINARY OFFICIAL STATEMENT**



CITY OF MEADOWLAKES, TEXAS

(A Political Subdivision of the State of Texas Located in Burnet County, Texas)

\$7,500,000*

**COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2024
(THE "CERTIFICATES")**

**To be Designated by the City as
"QUALIFIED TAX-EXEMPT OBLIGATIONS"**

**Bids due
Tuesday, June 18, 2024
at
11:00 A.M., Central Time**

*Preliminary, subject to change based on bid structures. See "THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES" in the Official Notice of Sale relating to the Certificates.

This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the Certificates defined and described herein. The invitation for bids on the Certificates is being made by means of this Official Notice of Sale, the Official Bid Form and the Preliminary Official Statement

The Issuer will designate the Certificates as “Qualified Tax Exempt-Obligations” for financial institutions.

OFFICIAL NOTICE OF SALE

\$7,500,000*

CITY OF MEADOWLAKES, TEXAS

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

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BID: The City Council (the “City Council”) of the City of Meadowlakes, Texas (the “City” or the “Issuer”) is offering for sale at competitive bid its \$7,500,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the “Certificates”).

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 11:00 A.M., Central Time, on Tuesday, June 18, 2024. Bidders submitting a bid by internet shall not be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System (“PARITY”) and should, as a courtesy, register with PARITY by 9:00 A.M., Central Time, on Tuesday, June 18, 2024 indicating their intent to submit a bid by internet.

In the event of a malfunction in the electronic bidding process, bidders may submit their bids by email to mmcliney@samcocapital.com. If there is a malfunction of the electronic bidding process and a bidder submits a bid via email, please call 210-832-9760 to notify the Financial Advisor (defined below) of the incoming bid. Any bid received after the scheduled time for their receipt will not be accepted.

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, Official Bid Form and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact PARITY, c/o Ipreo Holdings LLC, 1359 Broadway, New York, New York 10018, 212-849-5021.

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

OPENING OF BIDS: Bids will be opened and publicly read at 11:00 A.M., Central Time, on Tuesday, June 18, 2024, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the “Financial Advisor”) and the City Council shall provide final approval of the award at a City Council meeting later that evening. The Mayor of the City or his representative shall award the Certificates as described in the section entitled “AWARD AND SALE OF THE CERTIFICATES” below.

AWARD AND SALE OF THE CERTIFICATES: By 12:00 P.M. Noon, Central Time, on the date set for receipt of bids, the Mayor of the City or his representative shall tentatively award the Certificates to the **low qualified bidder (the “Winning Bidder”)**, as described in the section entitled “CONDITIONS OF SALE – Basis of Award” herein subject to final approval of the City Council which will take action to adopt an ordinance (the “Ordinance”) authorizing the issuance and awarding sale of the Certificates or will reject all bids promptly at a scheduled meeting to commence at 6:00 P.M. Central Time on Tuesday, June 18, 2024. The City reserves the right to reject any or all bids in its sole discretion and to waive any irregularities, except time of filing.

*Preliminary, subject to change based on bid structures. See “THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES” herein.

THE CERTIFICATES

DESCRIPTION OF CERTAIN TERMS OF THE CERTIFICATES: The Certificates will be dated June 15, 2024 (the “Dated Date”) with interest to accrue from the Dated Date and be payable initially on February 1, 2025, and annually on each February 1 and August 1 thereafter until the earlier of stated maturity or prior redemption. The Certificates will be issued as fully registered Certificates in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository (the “Securities Depository”). Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof within a stated maturity. Purchasers of the Certificates (“Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See “BOOK-ENTRY-ONLY SYSTEM” in the Preliminary Official Statement.) The Certificates will be stated to mature on February 1 in each of the following years in the following amounts:

MATURITY SCHEDULE (Due February 1)

Stated Maturity	Principal Amount*	Stated Maturity	Principal Amount*
2025	\$135,000	2038	\$295,000
2026	165,000	2039	310,000
2027	170,000	2040	330,000
2028	180,000	2041	345,000
2029	190,000	2042	360,000
2030	200,000	2043	380,000
2031	210,000	2044	400,000
2032	220,000	2045	420,000
2033	230,000	2046	440,000
2034	245,000	2047	465,000
2035	255,000	2048	490,000
2036	270,000	2049	515,000
2037	280,000		

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed \$7,500,000. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES: Bidders may provide that all of the Certificates be issued as serial maturities or may provide that two or more consecutive annual principal amounts maturing in the years 2034-2049 be combined into one or more term certificates, not to exceed five term certificates (the “Term Certificates”).

*Preliminary, subject to change. See “THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES”.

MANDATORY SINKING FUND REDEMPTION: If the Winning Bidder designates principal amounts to be combined into one or more Term Certificates, each such Term Certificate will be subject to mandatory sinking fund redemption commencing on February 1 of the first year which has been combined to form such Term Certificate and continuing on February 1 in each year thereafter until the stated maturity date of that Term Certificate. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table above under the caption "MATURITY SCHEDULE". Certificates to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Certificates then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement Term Certificates of the maturity then subject to redemption which have been purchased and canceled by the City or have been optionally redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

OPTIONAL REDEMPTION: The City reserves the right, at its option, to redeem the Certificates maturing on or after February 1, 2034, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption as further described in the Preliminary Official Statement.

AUTHORITY FOR ISSUANCE: The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, an election held within the City on November 7, 2023 and an ordinance (the "Ordinance") to be adopted by the City Council on June 18, 2024.

SECURITY FOR PAYMENT: The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of surplus net revenues of the City's utility system. See "THE CERTIFICATES – Security for Payment" in the Preliminary Official Statement.

OTHER TERMS AND COVENANTS: Other terms of the Ordinance and the various covenants of the City contained in the Ordinance are described in the Preliminary Official Statement, to which reference is made for all purposes.

SUCCESSOR PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinance, the City covenants to provide a Paying Agent/Registrar at all times while the Certificates are outstanding, and any Paying Agent/Registrar selected by the City shall be a commercial bank or trust company organized under the laws of the United States and any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Certificates. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Certificates.

In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the City, shall be qualified as described in the Preliminary Official Statement. Upon a change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class, postage prepaid.

QUALIFIED TAX-EXEMPT OBLIGATIONS: The City will designate the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions (see discussion under "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions" in the Preliminary Official Statement).

CONDITIONS OF SALE

TYPES OF BIDS AND INTEREST RATES: The Certificates will be sold in one block on an "All or None" basis, and at a price of not less than their par value, plus accrued interest on the Certificates from the Dated Date of the Certificates to the date of Initial Delivery (defined herein) of the Certificates. **No bid producing a cash premium on the Certificates that results in a dollar price of less than 102% will be considered; provided, however, that any bid is subject to adjustment as described under the caption "ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS".** Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest for the Certificates (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 200 basis points (or 2% in rate).** No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS OF AWARD: The sale of the Certificates will be awarded to the bidder making a bid that conforms to the specifications herein (the “Winning Bidder” or “Purchaser”) and which produces the lowest True Interest Cost (defined herein) rate to the City. The “True Interest Cost” rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Certificates on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Certificates plus the premium bid (but not interest accrued from the Dated Date to the date of their initial delivery to the Purchaser). In the event of a bidder’s error in interest cost rate calculations, the interest rates, and premium, set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the “Code”) to the date of initial delivery of the Certificates, relating to the excludability of interest on the Certificates from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City (on or before the date of initial delivery of the Certificates) a certification as to their initial offering prices of the Certificates (the “Issue Price Certificate”) substantially in the form and to the effect attached hereto or accompanying this Official Notice of Sale (see “ESTABLISHMENT OF ISSUE PRICE” herein).

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

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

In order to provide the City with information that enables it to comply with the establishment of the issue price of the Certificates under the Code, as amended, the winning bidder agrees to complete, execute, and timely deliver to the City or to the City’s municipal advisor, SAMCO Capital Markets, Inc. (the “City’s Financial Advisor”) the appropriate certification as to the Certificates’ “issue price” (the “Issue Price Certificate”) substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions, at least 5 business days before the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Certificates for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the City. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

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

- (i) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party,
- (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public),
- (iii) “Related Party” means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Certificates are awarded by the City to the winning bidder.

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

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

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

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

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: See "THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES" for a description of the City's reservation of the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities.

GOOD FAITH DEPOSIT: A bank cashier's check payable to the order of "City of Meadowlakes, Texas" in the amount of \$150,000, which is 2% of the par value of the Certificates (the "Good Faith Deposit"), is required. The Good Faith Deposit will be retained uncashed by the City until the Certificates are delivered, and at that time it will be returned to the Purchaser uncashed on the date of delivery of the Certificates; however, should the Purchaser fail or refuse to take up and pay for the Certificates, said Good Faith Deposit is to be cashed by the City and the proceeds accepted as full and complete liquidated damages; however, if it is determined after acceptance of the bid by the City that the Purchaser was found not to satisfy the requirements described under the "Covered Verifications" (as defined herein) and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then said check shall be cashed and accepted by the City, but shall not be the sole or exclusive remedy available to the City. The above mentioned Good Faith Deposit may accompany the bid, or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which will authorize its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Certificates has been made.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM: It is the obligation of the City to receive information from Winning Bidder if bidder is not a publicly traded business entity (a "Privately Held Bidder"). Pursuant to Texas Government Code Section 2252.908, as amended (the "Interested Party Disclosure Act"), the City may not award the Certificates to a Winning Bidder which is a Privately Held Bidder unless such party submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC"). In the event that a Privately Held Bidder's bid for the Certificates is the best bid received, the City, acting through its financial advisor, will promptly notify the winning Privately Held Bidder.

That notification will serve as the City's conditional verbal acceptance of the bid, and will obligate the winning Privately Held Bidder to establish (unless such winning Privately Held Bidder has previously so established) an account with the TEC, and promptly file a completed Disclosure Form, as described below, in order to allow the City to complete the award.

Process for completing the Disclosure Form. For purposes of illustration, the Disclosure Form is attached hereto, and reference should be made to such form for the following information needed to complete it: (a) item 2 - name of the governmental entity (City of Meadowlakes, Texas) and (b) item 3 - the identification number assigned to this contract by the City (Meadowlakes CO2024) and description of the goods or services (Purchase of the City of Meadowlakes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024). The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require a non-publicly traded business entity contracting with the City to complete the Disclosure Form electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, sign, and deliver, in physical form, the certified Disclosure Form that is generated by the TEC's "electronic portal" to the City. The executed Disclosure Form must be sent by email to the City's Financial Advisor at mmcliney@samcocapital.com and to the City's Bond Counsel at cbinford@mphlegal.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.

Preparations for completion, and the significance of, the reported information. In accordance with the Interested Party Disclosure Act, the information reported by the winning Privately Held Bidder must be declared by an authorized agent of the Privately Held Winning Bidder. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provides that such acknowledgment is made "under penalty of perjury." Consequently, a winning Privately Held Bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Certificates until a completed Disclosure Form is received. If applicable, the City reserves the right to reject any bid that does not satisfy the requirement of a completed Disclosure Form, as described herein. Neither the City nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to (1) the bidder's obligation to submit the Disclosure Form or (2) the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form, if required, promptly upon notification from the City that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at <https://www.ethics.state.tx.us/filinginfo/1295>.

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS:

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

- (i) No Boycott of Israel (Chapter 2271, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.
- (ii) Not a Sanctioned Company (Chapter 2252, Texas Government Code, as amended): A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) No Discrimination Against Firearm Entities or Firearm Trade Associations (Chapter 2274, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or

firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the agreement to purchase the Certificates. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

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

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT:

Each prospective bidder must have a standing letter on file with the Texas Attorney General’s Office in the form required by the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (collectively, the “All Bond Counsel Letter”). In submitting a bid, a bidder represents to the City that it has filed a standing letter in the form included in the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Texas Attorney General’s Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

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

THE CITY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER FOR ANY REASON. BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE CITY AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW. Unless otherwise publicly available on the Municipal Advisory Council of Texas’ website, the bidder shall submit a courtesy copy of its standing letter in connection with the submission of its bid.

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

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

OFFICIAL STATEMENT

To assist the Purchaser in complying with Rule 15c2-12, as amended (the “Rule”), of the United States Securities and Exchange Commission (“SEC”), the City and the Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows:

COMPLIANCE WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION: The Issuer has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Certificates, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the Issuer deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Initial Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Initial Purchaser shall be responsible for promptly informing the Issuer of the initial offering yields of the Certificates.

Thereafter, the Issuer will complete and authorize distribution of the Final Official Statement identifying the Initial Purchaser and containing such omitted information. The Issuer does not intend to amend or supplement the Preliminary Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the Final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the Issuer intends the same to be final as of such date, within the meaning of the Rule. Notwithstanding the foregoing, the Issuer makes no representation concerning the absence of material misstatements or omissions from the Preliminary Official Statement, except only as and to the extent under "CERTIFICATION OF THE OFFICIAL STATEMENT" as described below. To the best knowledge and belief of the Issuer, the Preliminary Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates.

MUNICIPAL BOND INSURANCE: In the event the Certificates are qualified for municipal bond insurance, and the Purchaser desires to purchase such insurance, the cost therefor will be paid by the Purchaser. The City shall pay the rating agency fee for S&P (hereinafter defined). Any other fees to be paid to rating agencies as a result of said insurance will be paid by the Purchaser. It will be the responsibility of the Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Certificates. Any downgrade by rating agencies of the bond insurance provider shall not relieve the Purchaser of its obligations under this heading. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" in the Preliminary Official Statement.

FINAL OFFICIAL STATEMENT: The Issuer will furnish to the Initial Purchaser, within seven (7) business days after the Sale Date, an aggregate maximum of fifty (50) copies of the Final Official Statement (and 50 copies of any addenda, supplement or amendment thereto), together with information regarding interest rates and other terms relating to the reoffering of the Certificates, in accordance with the Rule. The Issuer agrees to provide, or cause to be provided, to the Initial Purchaser the Preliminary Official Statement and the Final Official Statement and any amendments or supplements thereto in such printed or electronic format may be required for the Initial Purchaser to comply with the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Issuer consents to the distribution of such documents in electronic format. The Initial Purchaser may arrange at its own expense to have the Final Official Statement reproduced and printed if it requires more than 50 copies and may also arrange, at its own expense and responsibility, for completion and perfection of the first or cover page of the Final Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Certificates. The Initial Purchaser will be responsible for providing information concerning the Issuer and the Certificates to subsequent purchasers of the Certificates, and the Issuer will undertake no responsibility for providing such information other than to make the Final Official Statement available to the Initial Purchaser as provided herein. The Issuer's obligation to supplement the Final Official Statement to correct representations determined to be materially misleading, after the date of the Final Official Statement, shall terminate upon the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Final Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Certificates. The Initial Purchaser by submitting a bid for the Certificates agrees to promptly file the Final Official Statement with the MSRB. Unless otherwise notified in writing by the Initial Purchaser, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the initial delivery of the Certificates to the Initial Purchaser.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Final Official Statement, the Issuer learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser of any adverse event which causes the Final Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Certificates, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS – CONDITIONS TO DELIVERY," the Issuer will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Final Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the Issuer to do so will terminate on the date specified under "FINAL OFFICIAL STATEMENT" above.

CERTIFICATION OF THE FINAL OFFICIAL STATEMENT: At the time of payment for and delivery of the Initial Certificate, the Initial Purchaser will be furnished a certificate, executed by proper officials of the Issuer, acting in their official capacity, in the form specified in the Final Official Statement under the heading "OTHER PERTINENT INFORMATION – Certification of the Final Official Statement." The Preliminary Official Statement and Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Certificates will be authorized, ratified and approved by the City Council on the date of sale, and the Initial Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Certificates, a certified copy of such approval, duly executed by the proper officials of the Issuer.

CONTINUING DISCLOSURE AGREEMENT: The City will agree in the Ordinance to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Final Official Statement under "CONTINUING DISCLOSURE OF

INFORMATION". The Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS: The City has not previously issued public debt and thus has no continuing disclosure agreements in accordance with the Rule.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL CERTIFICATE: The initial delivery of the Certificates to the Purchaser on the "Delivery Date", will be accomplished by the issuance of either (i) a single fully registered Certificate in the total principal amount of \$7,500,000 (preliminary, subject to change) payable in stated installments to the Purchaser and numbered T-1, or (ii) as one (1) fully registered Certificate for each year of stated maturity in the applicable principal amount and denomination, to be numbered consecutively from R-1 and upward (in either case, the "Initial Certificate"), signed by manual, electronic, or facsimile signature of the Mayor and the City Secretary approved by the Attorney General of Texas, and registered and manually or electronically signed by an authorized representative of the Comptroller of Public Accounts of the State of Texas. Initial Delivery (defined below) of the Certificates will be at the corporate trust office of the Paying Agent/Registrar. Upon delivery of the Initial Certificate, they shall be immediately canceled and one Certificate for each stated maturity will be registered in the name of Cede & Co. and deposited with DTC in connection with DTC's Book-Entry-Only System. Payment for the Initial Certificate must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six (6) business days' notice of the time fixed for delivery of the Certificates. It is anticipated that Initial Delivery of the Initial Certificate can be made on or about July 11, 2024, but if for any reason the City is unable to make delivery by July 11, 2024, then the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend for an additional thirty (30) days its obligation to take up and pay for the Certificates. If the Purchaser does not so elect within six (6) business days thereafter, then the Good Faith Deposit will be returned, and both the City and the Purchaser shall be relieved of further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City's reasonable control.

DTC DEFINITIVE CERTIFICATES: The Certificates will be issued in book-entry-only form. Cede & Co. is the nominee for DTC. All references herein and in the Final Official Statement to the holders or registered owners of the Certificates shall mean Cede & Co. and not the beneficial owners of the Certificates. Purchases of beneficial interests in the Certificates will be made in book-entry form in the denomination of \$5,000 principal amounts or any integral multiple thereof. Under certain limited circumstances, there may be a cessation of the immobilization of the Certificates at DTC, or another securities depository, in which case, such beneficial interests would become exchangeable for definitive printed obligations of like principal amount.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Certificates, but neither the failure to print such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of the Official Bid Form and this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Certificates shall be paid by the City; however, the CUSIP Service Bureau's charge for the assignment of the numbers shall be paid by the Purchaser.

CONDITIONS TO DELIVERY: The obligation to take up and pay for the Certificates is subject to the following conditions: the issuance of an approving opinion of the Attorney General of Texas, the Purchaser's acknowledgment of the receipt of the Initial Certificate, the Purchaser's receipt of the legal opinions of Bond Counsel and the no-litigation certificate, and the non-occurrence of the events described below under the caption "NO MATERIAL ADVERSE CHANGE", all as described below. In addition, if the City fails to comply with its obligations described under "OFFICIAL STATEMENT- FINAL OFFICIAL STATEMENT" above, the Purchaser may terminate its contract to purchase the Certificates by delivering written notice to the City within five (5) days thereafter.

NO MATERIAL ADVERSE CHANGE: The obligation of the Purchaser to take up and pay for the Certificates, and of the City to deliver the Initial Certificate, are subject to the condition that, up to the time of delivery of and receipt of payment for the Initial Certificate, there shall have been no material adverse change in the affairs of the City subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of delivery.

LEGAL OPINIONS: The Certificates are offered when, as and if issued, subject to the approval of certain legal matters by the Attorney General of the State of Texas and Bond Counsel (see discussion "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" in the Preliminary Official Statement).

CHANGE IN TAX-EXEMPT STATUS: At any time before the Certificates are tendered for initial delivery to the Purchaser, the Purchaser may withdraw its bid if the interest on obligations such as the Certificates shall be declared to be includable in the gross income, as

defined in section 61 of the Code, of the owners thereof for federal income tax purposes, either by U.S. Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

GENERAL CONSIDERATIONS

RATING: A municipal bond rating application has been made to S&P Global Ratings (“S&P”). The City has also made application to municipal bond insurance companies to have the payment of the principal of and interest on the Certificates insured by a municipal bond insurance policy. (See “BOND INSURANCE” and “BOND INSURANCE GENERAL RISKS” in the Preliminary Official Statement.) The outcome of the results will be made available to the Purchaser as soon as possible. (See “OTHER PERTINENT INFORMATION - Rating” in the Preliminary Official Statement). An explanation of the significance of such a rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P at the time the rating is given, and the City makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the City. A revision in a rating agency’s rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Certificates remain outstanding could undertake such an evaluation process.

SALE OF ADDITIONAL OBLIGATIONS: The City currently has no plans to issue additional ad valorem tax supported debt in 2024.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE: No registration statement relating to the Certificates has been filed with the SEC under the Securities Act of 1933, as amended (the “Act”), in reliance upon exemptions provided in such Act. The Certificates have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Final Official Statement. Any representation to the contrary is a criminal offense. The Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Certificates been registered or qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for registration or 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 registration or 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 or qualification provisions.

It is the obligation of the Purchaser to register or qualify the sale of the Certificates under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Purchaser’s written request and expense and within reasonable limits, in registering or qualifying the Certificates, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but will in no instance execute a general consent to service of process in any state that the Certificates are offered for sale.

ADDITIONAL COPIES: Subject to the limitations described herein, an electronic copy of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement may be obtained from www.samcocapital.com.

On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Certificates, reconfirm its approval of the form and content of the Final Official Statement, and any addenda, supplement, or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

/s/

Mayor,
City of Meadowlakes, Texas

ATTEST:
/s/

City Secretary,
City of Meadowlakes, Texas

June 18, 2024

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OFFICIAL BID FORM

Honorable Mayor and City Council
 City of Meadowlakes
 177 Broadmoor, Suite A
 Meadowlakes, Texas 78654

June 18, 2024

Dear Ladies and Gentlemen:

Subject to the terms of your Official Notice of Sale and Preliminary Official Statement dated June 11, 2024, which terms are incorporated by reference to this proposal (and which are agreed to as evidenced by our submission of this bid), we hereby submit the following bid for \$7,500,000 (preliminary, subject to change) CITY OF MEADOWLAKES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024, dated June 15, 2024 (the "Certificates").

For said legally issued Certificates, we will pay you \$_____ (being a price of no less than 102% of the par value) plus accrued interest from their date to the date of delivery to us for Certificates maturing February 1 and bearing interest per annum as follows:

Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %	Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %
2025	\$135,000		2038*	\$295,000	
2026	165,000		2039*	310,000	
2027	170,000		2040*	330,000	
2028	180,000		2041*	345,000	
2029	190,000		2042*	360,000	
2030	200,000		2043*	380,000	
2031	210,000		2044*	400,000	
2032	220,000		2045*	420,000	
2033	230,000		2046*	440,000	
2034*	245,000		2047*	465,000	
2035*	255,000		2048*	490,000	
2036*	270,000		2049*	515,000	
2037*	280,000				

*Maturities available for Term Certificates.

Our calculation (which is not part of this bid) of the True Interest Cost from the above is: _____%

We are (are not) having the Certificates of the following maturities _____ insured by _____ at a premium of \$_____. The premium will be paid by the Winning Bidder. Any fees due to Rating Agencies, other than S&P Global Ratings ("S&P"), as a result of said insurance will be paid by the Winning Bidder. The City will pay the fee due to S&P.

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: As a condition to our submittal of this bid for the Certificates, we acknowledge the following: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed \$7,500,000 (preliminary, subject to change). Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Official Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per bond underwriter

spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

Of the eligible principal maturities set forth in the table above, we have created term certificates (the "Term Certificates") as indicated in the following table (which may include no more than five Term Certificates). For those years which have been combined into a Term Certificate, the principal amount shown in the table shown on page iv of the Official Notice of Sale will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Term Certificate maturity date will mature in such year. The Term Certificates created are as follows:

Term Certificate Maturity Date February 1	Year of First Mandatory Redemption	Principal Amount of Term Certificate	Interest Rate
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

By its acceptance of this bid, we understand the City will provide the copies of the Final Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale, and will cooperate to permit the undersigned to comply with Rule 15c2-12 of the Securities and Exchange Commission. The Purchaser by submitting this bid for the Certificates agrees to promptly file the Official Statement when received from the City with the Municipal Securities Rulemaking Board.

The Initial Certificate shall be registered in the name of _____ (Syndicate Manager), which will upon payment for the Certificates, be canceled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System. We will advise DTC of registration instructions at least five business days prior to the date set for Initial Delivery.

Cashier's Check of the _____ Bank, _____, in the amount of \$150,000 which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Notice of Sale. Upon delivery of the Certificates, said check shall be returned to the Initial Purchaser.

We agree to accept delivery of the Initial Certificate through DTC and make payment for the Initial Certificate in immediately available funds at BOKF, NA, Dallas, Texas, no later than 10:00 A.M., Central Daylight Time, on July 11, 2024, or thereafter on the date the Initial Certificate are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale.

The undersigned agrees to complete, execute and deliver to the City at least five business days prior to the date of delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the Bond Counsel for the Issuer. The undersigned also agrees to provide the City and its consultants, at least ten business days prior to the delivery of the Certificates, a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Official Bid Form shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or Official Notice of Sale, notwithstanding anything in this Official Bid Form or Official Notice of Sale to the contrary.

- (i) No Boycott of Israel Verification (Chapter 2271, Texas Government Code, as amended). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.

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

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

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the Covered Verifications shall survive until barred by the statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

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

The Purchaser agrees to provide such further representations, certifications, or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter. Unless otherwise publicly available on the Municipal Advisory Council of Texas’ website, the Purchaser is submitting a courtesy copy of its standing letter in connection with the submission of its bid.

The Purchaser acknowledges that the City, in its sole discretion, has reserved the right to reject the bid of any bidder.

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

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

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

At the request of the City, the undersigned agrees to execute further written certification as may be necessary or convenient for the City to establish compliance with these laws.

Unless the bidder certifies that it is exempt from filing a Disclosure Form with the City, upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed and sent by email to the City at jthompson@meadowlakestx.us, to the City's Financial Advisor mmcliney@samcocapital.com, and to the City's Bond Counsel at cbinford@mphlegal.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the City from providing final written award of the enclosed bid.

The Issuer will consider any bid submitted pursuant to the Notice of Sale relating to the Certificates to be a firm offer for the purchase of the Certificates.

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

By: _____
Authorized Representative

Telephone Number

E-mail Address

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Meadowlakes, Texas, subject to and in accordance with the Official Notice of Sale and Official Bid Form, this 18th day of June 2024.

/s/ _____
Mayor,
City of Meadowlakes, Texas

ATTEST:

/s/ _____
City Secretary,
City of Meadowlakes, Texas

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SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

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\$7,500,000*
CITY OF MEADOWLAKES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2024

ISSUE PRICE CERTIFICATE

(Sales where at least 3 bids are received from underwriters)

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

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

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

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

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

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

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

EXECUTED and DELIVERED as of this _____.

_____, as Purchaser

By: _____

Name: _____

**Preliminary, subject to change.*

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SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

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\$7,500,000*
CITY OF MEADOWLAKES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2024

ISSUE PRICE CERTIFICATE

(Sales where less than 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of Underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 issued by the City of Meadowlakes, Texas ("Issuer") in the principal amount of \$_____ ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

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

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

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

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

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

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

EXECUTED and DELIVERED as of this _____.

_____, as Purchaser

By: _____

Name: _____

**Preliminary, subject to change.*

(this page intentionally left blank)

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

NEW ISSUE – BOOK-ENTRY-ONLY SYSTEM

**Rating: S&P “Applied For” (Insured)
“Applied For” (Underlying)
(See “BOND INSURANCE”, “BOND INSURANCE GENERAL RISKS”,
and “OTHER PERTINENT INFORMATION – Rating”) herein**

**PRELIMINARY OFFICIAL STATEMENT
June 11, 2024**

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, 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.

The Issuer will designate the Certificates as “Qualified Tax-Exempt Obligations” for financial institutions.

\$7,500,000*

CITY OF MEADOWLAKES, TEXAS

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

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

Dated Date: June 15, 2024

Due: February 1, as shown on inside cover

The \$7,500,000* City of Meadowlakes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the “Certificates”) are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, at an election held on November 7, 2023, and an ordinance (the “Ordinance”) to be adopted by the City Council of the City of Meadowlakes, Texas (the “City” or the “Issuer”) on June 18, 2024. (See “THE CERTIFICATES - Authority for Issuance” herein.)

The Certificates constitute direct and general obligations of the City payable from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law. The Certificates are additionally secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the net revenues derived from the operation of the City’s combined utility system (the “System”), not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. (See “THE CERTIFICATES – Security for Payment” herein).

Interest on the Certificates will accrue from June 15, 2024 (the “Dated Date”) as shown above and will be payable on February 1 and August 1 each year, commencing February 1, 2025, until the earlier of stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository. Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Certificates (“Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent Registrar to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See “BOOK-ENTRY-ONLY SYSTEM” herein.)

Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the City’s contractual obligations incurred for the purpose of (1) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the City’s facilities at its City-owned golf course, including meeting rooms, parking, swimming pool, exercise facility, dining, restrooms, and store, as well as necessary capital maintenance and utilities relocation, drainage, and landscaping necessary or incidental thereto and other golf course improvements, (2) System improvements, (3) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, (4) the payment of professional services related to the acquisition, design, construction, project management, and financing of the above aforementioned projects, and (5) paying the costs of issuing the Certificates. (See “THE CERTIFICATES – Use of Certificate Proceeds” herein.)

The City has also made an application to municipal bond insurance companies to have the payment of the principal of and interest on the Certificates insured by a municipal bond insurance policy. (See “BOND INSURANCE” and “BOND INSURANCE GENERAL RISKS” in the Preliminary Official Statement.)

SEE FOLLOWING PAGE FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS,
CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE CERTIFICATES

The Certificates are offered for delivery, when, as and if issued and received by the initial purchaser thereof at a competitive sale (the “Purchaser”) and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel. The legal opinion of Bond Counsel will be printed on, or attached to, the Certificates. (See “LEGAL MATTERS - Legal Opinions and No-Litigation Certificate” and “APPENDIX C – Form of Legal Opinion of Bond Counsel” herein). It is expected that the Certificates will be available for initial delivery through DTC on or about July 11, 2024.

BIDS DUE TUESDAY, JUNE 18, 2024, BY 11:00 A.M., CENTRAL TIME

* Preliminary, subject to change.

\$7,500,000*
CITY OF MEADOWLAKES, TEXAS
(A political subdivision of the State of Texas located in Burnet County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

MATURITY SCHEDULE*

CUSIP Prefix No. _____⁽¹⁾

Stated				CUSIP	Stated				CUSIP
Maturity	Principal	Interest	Initial	No.	Maturity	Principal	Interest	Initial	No.
<u>2/1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Suffix</u> ⁽¹⁾	<u>2/1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Suffix</u> ⁽¹⁾
2025	\$ 135,000				2038	\$ 295,000			
2026	165,000				2039	310,000			
2027	170,000				2040	330,000			
2028	180,000				2041	345,000			
2029	190,000				2042	360,000			
2030	200,000				2043	380,000			
2031	210,000				2044	400,000			
2032	220,000				2045	420,000			
2033	230,000				2046	440,000			
2034	245,000				2047	465,000			
2035	255,000				2048	490,000			
2036	270,000				2049	515,000			
2037	280,000								

(Interest to accrue from Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on or after February 1, 2034, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on February 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. Additionally, the Purchaser may select certain consecutive maturities of the Certificates to be grouped together as one or more "Term Certificates" and such "Term Certificates" would also be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES – Redemption Provisions of the Certificates" herein.)

⁽¹⁾ Preliminary, subject to change.

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright^(c) 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. 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.

CITY OF MEADOWLAKES TEXAS

ELECTED OFFICIALS

Name	Years Served	Term Expires (May)
Mark Bentley, Mayor	3	2026
Don Wheeler, Councilmember, Place 1	Elected on May 4, 2024	2026
Barbara Peskin, Councilmember, Place 2	4	2025
Carolyn Richmond, Councilmember, Place 3	Elected on May 4, 2024	2026
Roxanne Morgan Councilmember, Place 4	1	2025
Garrett Wood, Mayor Pro Tem, Place 5	2	2025

ADMINISTRATION

Name	Position	Length of Service With the City (years)
Johnnie Thompson	City Manager	15
Evan Bauer	City Secretary	6
Debbie Holley	Treasurer	5

CONSULTANTS AND ADVISORS

Bond Counsel McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas

Certified Public Accountants..... Neffendorf & Blocker, P.C.
Fredricksburg, Texas

Financial Advisor SAMCO Capital Markets, Inc.
San Antonio, Texas

For Additional Information Please Contact:

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City Manager
City of Meadowlakes
177 Broadmoor, Suite A
Meadowlakes, Texas 78654
Telephone: (830) 693-2951
jthompson@meadowlakestx.us

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Senior Managing Director
SAMCO Capital Markets, Inc.
1020 Northeast Loop 410, Suite 640
San Antonio, Texas 78209
Telephone: (210) 832-9760
mmcliney@samcocapital.com

Mr. Andrew T. Friedman
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SAMCO Capital Markets, Inc.
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San Antonio, Texas 78209
Telephone: (210) 832-9760
afriedman@samcocapital.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the “Rule”), and in effect on the date of this Preliminary Official Statement, this document constitutes an “official statement” of the Issuer with respect to the Certificates that has been “deemed final” by the Issuer as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation 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 Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.

The Financial Advisor 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 its responsibilities to the Issuer 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.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES 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 JURISDICTIONS IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE PURCHASER 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 OR THE BOND INSURER, IF ANY, AND ITS MUNICIPAL BOND INSURANCE POLICY DESCRIBED HEREIN UNDER THE HEADINGS “BOND INSURANCE” AND “BOND INSURANCE GENERAL RISKS,” AS SUCH INFORMATION WAS PROVIDED BY DTC AND THE BOND INSURER RESPECTIVELY.

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Certificates is to be construed as constituting an agreement with the Purchaser of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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The cover page, subsequent pages hereof, and appendices attached hereto, are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data 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 page from this Official Statement or to otherwise use it without the entire Official Statement.

The Issuer	The City of Meadowlakes, Texas (the "City" or "Issuer") is a political subdivision of the State of Texas, located in Burnet County 80 miles north of San Antonio on US Highway 281. The City operates as a Type A general law city under the constitution and the general laws of the State of Texas. The City's 2024 estimated population is 2,200. (See Appendix B – "General Information Regarding the City of Meadowlakes, Texas and Burnet County, Texas" herein.)
The Certificates	The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, an election held within the City on November 7, 2023 and an ordinance (the "Ordinance") to be adopted by the City Council of the City, on June 18, 2024. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.
Security	The Certificates constitute direct and general obligations of the City payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the net revenues derived from the operation of the City's combined utility system (the "System"), not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding. (See "THE CERTIFICATES – Security for Payment" herein.)
Qualified Tax-Exempt Obligations	The Issuer will designate the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS - Qualified Tax-Exempt Obligations" herein.)
Redemption Provisions of the Certificates	The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on or after February 1, 2034, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. Additionally, the Purchaser may select certain consecutive maturities of the Certificates to be grouped together as a "Term Certificate" and such "Term Certificates" would also be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)
Tax Matters	In the opinion of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, as Bond Counsel to the City, 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, including the alternative minimum tax on certain corporations. (See "TAX MATTERS" and "APPENDIX C - Form of Opinion of Bond Counsel" herein.)
Use of Certificate Proceeds	Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the City's contractual obligations incurred for the purpose (1) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the City's facilities at its City-owned golf course, including meeting rooms, parking, swimming pool, exercise facility, dining, restrooms, and store, as well as necessary capital maintenance and utilities relocation, drainage, and landscaping necessary or incidental thereto and other golf course improvements, (2) System improvements, (3) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, (4) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects, and (5) paying the costs of issuing the Certificates. (See "THE CERTIFICATES – Use of Certificate Proceeds" herein.)
Rating	A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available to the Purchaser as soon as possible. (See "OTHER PERTINENT INFORMATION - Rating" herein.)
Bond Insurance	The City has made application to municipal bond insurance companies to have the payment of the principal of and interest on the Certificates insured by a municipal bond insurance policy. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)

Payment Record	The City has never defaulted on the payment of its general obligation or revenue indebtedness.
Future Debt Issues	The Issuer does not anticipate the issuance of any additional ad valorem tax debt in 2024.
Delivery	When issued, anticipated on or about July 11, 2024.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel.

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PRELIMINARY OFFICIAL STATEMENT

relating to

\$7,500,000*

CITY OF MEADOWLAKES, TEXAS

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

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Meadowlakes, Texas (the “City” or the “Issuer”) of its \$7,500,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the “Certificates”) identified on the cover page.

The Issuer is a political subdivision of the State of Texas (the “State”) and a municipal corporation organized and existing under the Constitution and laws of the State of Texas. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance (defined below). Included in this Official Statement are descriptions of the Certificates and certain information about the Issuer and its finances. **ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT.** Copies of such documents may be obtained upon request from the Issuer or its Financial Advisor, SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in financial position or other affairs of the City. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

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 deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” herein for a description of the City’s undertaking to provide certain information on a continuing basis.

THE CERTIFICATES

General Description of the Certificates

The Certificates will be dated June 15, 2024 (the “Dated Date”), will mature on the dates and in the principal amounts and will bear interest at the rates set forth on page 2 of this Official Statement. The Certificates will be registered and issued in denominations of \$5,000 or any integral multiple thereof. The Certificates will bear interest from the Dated Date, or from the most recent date to which interest has been paid or duly provided for, and will be paid annually on February 1 and August 1 of each year, commencing February 1, 2025, until stated maturity or prior redemption. Principal of and interest on the Certificates are payable in the manner described herein under “BOOK-ENTRY-ONLY SYSTEM”. In the event the Book-Entry-Only System is discontinued, the interest on the Certificates payable on an interest payment date will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas as the initial Paying Agent/Registrar, as of the Record Date (defined below), by check, mailed first-class, postage prepaid, to the address of such person on the security register or 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 the Book-Entry-Only System is discontinued, principal of the Certificates will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

**Preliminary, subject to change.*

If the date for the payment of the principal of or interest on the Certificates is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due.

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") particularly Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064 Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, an election held within the City on November 7, 2023, and an ordinance (the "Ordinance") to be adopted by the City Council of the City (the "City Council") on June 18, 2024.

Security for Payment

The Certificates constitute direct and general obligations of the City payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law. (See "AD VALOREM PROPERTY TAXATION – Debt Tax Rate Limitations" herein). In addition, and solely to comply with State law allowing the Certificates to be sold for cash, the Certificates are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the System, not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.

Redemption Provisions of the Certificates

The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature, on or after February 1, 2034, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on February 1, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. In addition, two or more consecutive maturities of the Certificates may be grouped together as a "Term Certificate" by the Purchaser, and such "Term Certificates" would also be subject to mandatory sinking fund redemption. If less than all of the Certificates within a stated maturity are to be redeemed, the particular Certificates to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Notice of Redemption

At least 30 days prior to the date fixed for any redemption of any Certificates or portions thereof prior to stated maturity, the Issuer shall cause notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owner of each Certificate or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. 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 or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Certificates or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they 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.

ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE CERTIFICATEHOLDER, AND, PROVIDED THAT PROVISION FOR PAYMENT OF THE REDEMPTION PRICE IS MADE AND ANY OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST ON THE REDEEMED CERTIFICATES SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A CERTIFICATE HAS NOT BEEN PRESENTED FOR PAYMENT.

The Paying Agent/Registrar and the Issuer, 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, will 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 Issuer 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 DTC participants and indirect participants may implement a redemption of such Certificates 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 Issuer or the Paying Agent/Registrar. Neither the Issuer 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.)

Selection of Certificates to be Redeemed

The Certificates of a denomination larger than \$5,000 may be redeemed in part (in increments of \$5,000 or any integral multiple thereof). The Certificates to be partially redeemed must be surrendered in exchange for one or more new Certificates for the unredeemed portion of the principal. If less than all of the Certificates are to be redeemed, the Issuer will determine the amounts to be redeemed and will direct the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) to select, at random and by lot, the particular Certificates, or portion thereof, to be redeemed. If a Certificate (or any portion of the principal sum thereof) will have been called for redemption and notice or such redemption will have been given, such Certificate (or the principal amount thereof to be redeemed), will become due and payable on such redemption date and interest thereon will 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.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the City's contractual obligations incurred for the purpose of (1) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the City's facilities at its City-owned golf course, including meeting rooms, parking, swimming pool, exercise facility, dining, restrooms, and store, as well as necessary capital maintenance and utilities relocation, drainage, and landscaping necessary or incidental thereto and other golf course improvements, (2) System improvements, (3) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, (4) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects, and (5) paying the costs of issuing the Certificates.

Sources and Uses

Sources	
Par Amount of the Certificates	\$ _____
Accrued Interest on the Certificates	_____
[Net] Reoffering Premium	_____
Total Sources of Funds	_____
Uses	
Project Fund Deposit	\$ _____
Purchaser's Discount	_____
Interest and Sinking Fund Deposit	_____
Costs of Issuance	_____
Total Uses	_____

Payment Record

The Issuer has never defaulted on the payment of its ad valorem tax-backed or revenue indebtedness.

Amendments

The Issuer may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Certificates affected, no such amendment, addition, or rescission may (1) extend the time or times

the registered owners of all of the Certificates affected, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required for consent to any such amendment, addition, or rescission.

Defeasance

The Ordinance provides for the defeasance of the Certificates when payment of the principal amount of the Certificates plus interest accrued on the Certificates to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment, and/or (2) Government Securities (defined below), to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the City's Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Ordinance). The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that "Government Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) 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 of the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Certificates. City officials are authorized to restrict such eligible securities as deemed appropriate in connection with the sale of the Certificates. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of these securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Certificates ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, the City has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Default and Remedies

If the City defaults in the payment of principal, interest, or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates, 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 issuance of a writ 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 bondholders 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. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language.

Furthermore, *Tooke*, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the “Proprietary-Governmental Dichotomy”). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State’s sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“Wasson”) the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources”. While the Court recognized that the distinction between government and proprietary functions is not clear, the Wasson opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed Wasson again in June 2018 and clarified 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 alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

Notwithstanding the foregoing case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. As noted above, the Ordinance provides that Certificate holders 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). 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 bondholders 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 Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and registered as a transfer agent with the United States Securities and Exchange Commission. Upon a change in the Paying Agent/Registrar for the Certificates, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates affected by the change by United States mail, first-class, postage prepaid.

The Certificates will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity or prior redemption upon presentation to the Paying Agent/Registrar; provided however, that so long as DTC's Book-Entry-Only System is used, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/ Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Record Date

The record date ("Record Date") for determining the party to whom interest is payable on a Certificate on any interest payment date means the fifteenth (15th) day of the month next preceding each interest payment date. 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 will be established by the Paying Agent/Registrar. (See "REGISTRATION, TRANSFER, AND EXCHANGE – Special Record Date for Interest Payment" herein.)

Special Record Date for Interest Payment

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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "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 registered owner 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.

Future Registration

In the event the Certificates are not in the Book-Entry-Only System, the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer 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 and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. 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 (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer 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 denominations of \$5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount

and rate of interest as the Certificate or Certificates surrendered for exchange or transfer. (See “BOOK-ENTRY-ONLY SYSTEM” herein for a description of the system to be utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transfer of Certificates

Neither the Issuer nor the Paying Agent/Registrar shall 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, that such limitation shall not apply to uncalled portions of a Certificate redeemed in part.

Replacement Certificates

The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Certificates upon surrender of the mutilated Certificates to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement. The person requesting the authentication of and delivery of a replacement Certificate must comply with such other reasonable regulations as the Paying Agent/Registrar may prescribe and pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

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 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, the Financial Advisor, and the Purchaser believe the source of such information to be reliable, but take 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 United States 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 securities 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 bond certificate will be issued for the Certificates, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest 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, 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 S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at 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 physical 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).

Redemption proceeds, principal, and interest 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 securities 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 nor its nominee, 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, principal, and interest 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 Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to the holder of such Certificates and will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE" hereinabove.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City, the Financial Advisor, and the Purchaser believe to be reliable, but none of the City, the Financial Advisor, or the Purchaser take responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Certificates, the Issuer will have no obligation or responsibility to the DTC, Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

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, payment or notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed certificates representing the Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under “REGISTRATION, TRANSFER AND EXCHANGE – Future Registration.”

BOND INSURANCE

The City has applied for municipal bond insurance on the Certificates. No representation is hereby made that the City will use municipal bond insurance in connection with the issuance of the Certificates. If the City accepts a bid for the Certificates that incorporates the acquisition of a municipal bond guaranty policy (the “Policy”) from a qualified bond insurance company (the “Bond Insurer”), the premium for the Policy will be paid by the Purchaser. The final Official Statement shall disclose, to the extent necessary, any relevant information relating to the Bond Insurer and the Policy.

BOND INSURANCE GENERAL RISKS

The Policy would guarantee the scheduled payment of principal and interest on the Certificates. The City has yet to determine whether any insurance will be purchased with the Certificates, but the payment of the bond insurance premium will be the Purchaser’s obligation. If a Policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Certificates when all or some becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the City which is recovered by the City from the Certificate owner as a voidable preference under applicable bankruptcy law may be covered by the Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the City unless the Bond Insurer chooses to pay such amounts at an earlier date.

Payment of principal and interest is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist. See “THE CERTIFICATES – Default and Remedies”. The Bond Insurer may direct and must consent to any remedies that the Paying Agent/Registrar exercises and the Bond Insurer’s consent may be required in connection with amendments to any applicable Certificate documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from the security provided pursuant to the applicable Certificate documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates.

If a Policy is acquired, the long-term ratings on the Certificates are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Certificates insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates. See “OTHER PERTINENT INFORMATION - Rating” herein.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Paying Agent/Registrar may be limited by applicable bankruptcy law or other similar laws related to insolvency of insurance companies.

None of the City, the Financial Advisor, or the Purchaser have made independent investigation into the claims paying ability of any potential Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Certificates and the claims-paying ability of any potential Bond Insurer, particularly over the life of the Certificates.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

In the past, Moody's Investors Service, Inc., S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business, and Fitch Ratings, Inc. have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible.

In addition, past events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Certificates and the claims-paying ability of any such bond insurer, particularly over the life of the Certificates.

INVESTMENT POLICIES

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

Legal Investments

Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less; and (16) aggregate repurchase agreement transaction entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the Public Funds Investment Act.

The City may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the City may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the City may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required

to liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

No representation is made that the Certificates will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities, or which might otherwise limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Certificates for such purposes.

Additionally, with respect to the Certificates, Section 271.051 of the Texas Local Government Code, as amended, expressly provides that certificates of obligation approved by the Attorney General of Texas are legal authorized investments for banks, savings banks, trust companies, and savings and loan associations, insurance companies, fiduciaries, trustees, and guardians, and sinking funds of municipalities, counties, school districts, or other political corporations or subdivisions of the State.

Current Investments ⁽¹⁾

TABLE 1

As of March 31, 2024, the City held investments as follows:

<u>Type of Security</u>	<u>Market Value</u>	<u>Percentage of Total</u>
Money Market	\$ 820,138	43.80%
Certificates of Deposit	1,052,326	56.20%
Total	<u>\$1,872,464</u>	<u>100.00%</u>

As of such date, the market value of such investments (as determined by the Issuer by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the Issuer are invested in derivative securities, *i.e.*, securities whose rate of return is determined by reference to some other instrument, index, or commodity.

⁽¹⁾ Unaudited.

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 1 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 Burnet 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 (3) 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.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the “subjected property”) whose appraised values are not more than \$5 million dollars (the “maximum property value”) to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most

recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the “appraisal cap”). After the 2024 tax year, through December 31, 2026, the maximum property value may be increased or decreased by the product of the preceding state fiscal year’s increase or decrease in the consumer price index, as applicable, to the maximum property value.

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. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027.

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 and Goods-In-Transit 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 is 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.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

Tax Increment Reinvestment Zones and Chapter 380 Economic Development Agreements.

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing reinvestment 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, as amended, 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.

Cities are also authorized, pursuant to Chapter 380 of the Texas Local Government Code, as amended, ("Chapter 380"), to establish programs to promote state or local economic development and to stimulate business and commercial activity. In accordance with programs established pursuant to Chapter 380, a City may make loans or grant public funds for economic development purposes; however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by the voters of the City. The City has entered into one such Chapter 380 agreement in recent years.

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.

City and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the City, 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 in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal

district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at \$59,562,331 million for the 2024 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the Appraisal District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX RATE LIMITATIONS – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing 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.

Levy and Collection of Taxes

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

City's Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property. 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 each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

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.

Public Hearing and Maintenance and Operations 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 2021 through 2023, which may be applied to a city’s tax rate in tax years 2022 through 2024 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, and prominently post on its internet website, its voter-approval tax rate and no-new-revenue tax rate 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 City has authorized the additional one-half cent sales and use tax for property tax reduction. See "APPENDIX A – Municipal Sales Tax Collections".

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.

Debt 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-supported debt within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$1.50 per \$100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.00 of the \$1.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

The Property Tax Code as Applied to the City

The City does not grant an exemption to the market value of the residence homestead of persons 65 year of age or older.

The City has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of \$5,000.

The City has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older.

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 Burnet County Appraisal District does not collect taxes for the City.

The City does not permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does not grant an exemption on "goods in transit."

TAX MATTERS

Opinion

On the date of initial delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (i) interest on the Certificates for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (ii) the Certificates 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 Opinion of Bond Counsel").

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.

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 to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Certificates to be included in gross income retroactively to the date of the issuance of the Certificates. The opinion of Bond Counsel is conditioned on compliance by the City

with such requirements, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Certificates.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations, and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such 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 (the "IRS") by the City with respect to the Certificates or the property financed with the proceeds of the Certificates. No assurances can be given as to whether or not the IRS will commence an audit of the Certificates, or as to whether the IRS would agree with the opinion of Bond Counsel. If an IRS audit is commenced, under current procedures the IRS 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 (the "Original Issue Discount 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. 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 the 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 Subchapter C earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Certificates may be includable in certain corporations' "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 Certificates, 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.

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 IRS. Payments of interest and principal may be subject to withholding under Sections 1471 through 1474 or backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 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.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable

income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on-behalf of” and “subordinate” issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a “bank,” as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The Certificates will be designated as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the City will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Certificates as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the IRS could take a contrary view. If the IRS takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Certificates would not be “qualified tax-exempt obligations.”**

CONTINUING DISCLOSURE OF INFORMATION

The City is exempt from certain of the continuing disclosure obligations set forth in SEC Rule 15c2-12, as amended (the “Rule”), pursuant to the exemption under subsection (d)(2), which applies to certain small issuers such as the City who are not an “obligated person” (as defined in the Rule) responsible for the repayment of municipal securities outstanding (including the Certificates) in an aggregate principal amount exceeding \$10,000,000. This exception allows the City to not file annual updates to all financial and operating data that is included in this Official Statement. In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (“MSRB”). The information provided to the MSRB will be available to the public free of charge via the Electronic Municipal Markets Access (“EMMA”) system at www.emma.msrb.org.

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in APPENDIX D to this Official Statement, which is customarily prepared by the City and publicly available. The City will update and provide this information within twelve months after the end of each fiscal year ending in and after 2024.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements for the City, if the City commissions an audit and it is completed by the required time. If audited financial statements are not provided by that time, the City will provide unaudited financial statements for the applicable fiscal year to the MSRB with the financial information and operating data and will file the annual audit report when and if the same becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the City’s annual financial statements or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Website or filed with the SEC, as permitted by the Rule.

The Issuer’s current fiscal year end is September 30. Accordingly, it must provide updated information by September 30 in each year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (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, as the case may be; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate 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, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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; (14) appointment of a successor or additional paying agent/registrant or the change of name of a paying agent/registrant, if material (15) 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 any such 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 any such Financial Obligation of the City, any of which reflect financial difficulties. In the Ordinance, the City will adopt policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports." Neither the Certificates nor the Ordinance make provision for credit enhancement (although applications have been made for a municipal insurance policy), liquidity enhancement, or debt service reserves.

For these purposes, (a) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information from MSRB

The Issuer has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The City has agreed to update information and to provide notices of certain specified 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 agreement or from any statement made pursuant to its agreement, although holders or Beneficial Owners 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 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 the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule and either the holders of a majority in aggregate principal amount of the outstanding Certificates consent or 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 or beneficial owners of the Certificates. If the City amends its agreement, it must 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 information and data 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 any Purchasers from lawfully purchasing or selling Certificates, respectively, in the primary offering of the Certificates.

Compliance with Prior Agreements

The City has not previously issued public debt and thus has no continuing disclosure agreements in accordance with SEC Rule 15c2-12.

LEGAL MATTERS

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Initial Certificate is a valid and legally binding obligation of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates, issued in compliance with the provisions of the Ordinance, are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Certificates is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel was engaged by, and only represents, the City in connection with the issuance of the Certificates. In its capacity as Bond Counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas has reviewed (except for numerical, statistical or technical data) the information under the captions "THE CERTIFICATES" (except under the subcaptions "Use of Certificate Proceeds", "Sources and Uses" "Payment Record", and "Default and Remedies", as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "Compliance with Prior Undertakings" as to which no opinion is expressed), "LEGAL MATTERS—Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER PERTINENT INFORMATION—Registration and Qualification of Certificates for Sale" in the Official Statement and such firm is of the opinion that the information relating to the Certificates and the Ordinance contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of Certificates are contingent on the sale and initial delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System.

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.

Litigation

In the opinion of various officials of the Issuer, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the Issuer in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the Issuer.

At the time of the initial delivery of the Certificates, the City will provide the Purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Certificates or that affects the payment and security of the Certificates or in any other manner questioning the issuance, sale, or delivery of the Certificates.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) and Section 271.051, as amended, Texas Local Government Code, each, provide that the Certificates are negotiable instruments governed by Chapter 8, as amended, 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. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, Chapter 2256, as amended, Texas Government Code, the Certificates must have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public

funds. (See “OTHER PERTINENT 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 at least \$1 million of capital, and savings and loan associations.

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

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. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

The sale of the Certificates has not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act; the Certificates have not been qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor have the Certificates been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which they 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 or qualification provisions.

It is the obligation of the Purchaser to register or qualify the sale of the Certificates under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Purchaser's written request and sole expense, in registering or qualifying the Certificates or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the City shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

Rating

A municipal bond rating application for the Certificates has been made to S&P Global Ratings (“S&P”). The City has applied for municipal bond insurance on the Certificates and will consider the purchase of such insurance after an analysis of the bids from such companies has been made. The outcome of the result will be made available as soon as possible. An explanation of the significance of such a rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the City. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Certificates remain outstanding could undertake such an evaluation process.

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the Issuer's records, audited financial statements and other sources which are believed to be reliable. All of the summaries of the statutes, documents and Ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and Ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as a Financial Advisor to the Issuer in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has drafted this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and initial delivery of the Certificates.

The Financial Advisor 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 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.

Winning Bidder

After requesting competitive bids for the Certificate, the City accepted the bid of _____ (previously defined as the "Purchaser" or the "Initial Purchaser") to purchase the Certificates at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a [net] reoffering premium of \$ _____, less a Purchaser's discount of \$ _____, plus accrued interest on the Certificates from their Dated Date to their date of initial delivery. The City can give no assurance that any trading market will be developed for the City 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.

Certification of the Official Statement

At the time of payment for and delivery of the Initial Certificates, the Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Certificates, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefor, and on the date of the delivery thereof, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect, and (d) there has been no material adverse change in the financial condition of the City, since September 30, 2023, the date of the last financial statements of the City appearing in the Official Statement.

Information from External Sources

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

Concluding Statement

No person has been authorized 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. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer of solicitation.

The information set forth herein has been obtained from the City's records, audited financial statements and other sources which the City considers to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and the Ordinance contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Ordinance. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official 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 will authorize its further use in the re-offering of the Certificates by the Purchaser.

This Official Statement will be approved by the Council for distribution in accordance with the provisions of the SEC’s rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

CITY OF MEADOWLAKES, TEXAS

/s/ _____
Mayor
City of Meadowlakes, Texas

ATTEST:

/s/ _____
City Secretary
City of Meadowlakes, Texas

APPENDIX A

**FINANCIAL INFORMATION RELATING TO
THE CITY OF MEADOWLAKES, TEXAS**

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION

TABLE 1

2023 Market Value of Taxable Property (100% of Market Value).....	\$ 504,034,267
Less Exemptions:	
Optional Over 65 or Disabled.....	\$ 26,025,000
Loss to 10% HO Cap.....	78,328,529
TOTAL EXEMPTIONS	<u>\$ 104,353,529</u>
2023 Assessed Value of Taxable Property.....	<u>\$ 399,680,738</u>
 2024 Preliminary Freeze Adjusted Taxable Value	 <u>\$ 410,354,866</u>

Source: Burnet Central Appraisal District.

GENERAL OBLIGATION BONDED DEBT

General Obligation Debt Principal Outstanding

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the "Certificates")	<u>7,500,000</u> *
Total Gross General Obligation Debt	<u>\$ 7,500,000</u>

2023 Net Taxable Assessed Valuation	\$ 399,680,738
Ratio of Total Gross General Obligation Debt to 2023 Net Taxable Assessed Valuation	1.88% *

Population: 1990 - 513 ; 2000 - 1,331; 2010 - 1,777; 2020 - 1,907; est. 2024 - 2,200
 Per Capita Certified Net Taxable Assessed Valuation - \$181,673.06
 Per Capita Gross General Obligation Debt Principal - \$3,409.09

*Preliminary, subject to change.

CITY DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE

TABLE 2

(As of September 30, 2023)

On October 16, 2020 the City entered into a finance purchase agreement in the amount of \$198,456 with Government Capital Corporation for the purchase of golf maintenance equipment. The finance purchase agreement is payable in (2) quarterly payments in the amount of \$10,848 (including interest at 2.64%). Government Capital Corporation sold the capital lease to Citizens 1st Bank.

On February 20, 2018 The City entered into a finance purchase agreement in the amount of \$197,001 with Government Capital Corporation for the purchase of a fleet of golf carts. The finance purchase agreement is payable in (16) quarterly payments in the amount of \$13,443 (including interest at 3.97%). Government Capital Corporation sold the finance purchase agreement to First Security State Bank.

A schedule of changes in finance purchase agreements payable is as follows:

Finance Purchase Agreement	Interest Agreement	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due within One Year
Citizens First Bank	2.64%	164,199	-	(39,444)	124,755	40,498
		<u>\$ 164,199</u>	<u>\$ -</u>	<u>\$ (39,444)</u>	<u>\$ 124,755</u>	<u>\$ 40,498</u>

Finance purchase agreement payable requirements are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2024	40,496	2,895	43,391
2025	41,576	1,815	43,391
2026	42,683	707	43,390
Total	<u>\$ 124,755</u>	<u>\$ 5,417</u>	<u>\$ 130,172</u>

Source: The Issuer's Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending	The Certificates*				
	Sept. 30	Principal*	Interest ^(a)	Total*	Total Debt Service*
2025	\$	135,000	\$ 419,542	\$ 554,542	\$ 554,542
2026		165,000	364,125	529,125	529,125
2027		170,000	355,750	525,750	525,750
2028		180,000	347,000	527,000	527,000
2029		190,000	337,750	527,750	527,750
2030		200,000	328,000	528,000	528,000
2031		210,000	317,750	527,750	527,750
2032		220,000	307,000	527,000	527,000
2033		230,000	295,750	525,750	525,750
2034		245,000	283,875	528,875	528,875
2035		255,000	271,375	526,375	526,375
2036		270,000	258,250	528,250	528,250
2037		280,000	244,500	524,500	524,500
2038		295,000	230,125	525,125	525,125
2039		310,000	215,000	525,000	525,000
2040		330,000	199,000	529,000	529,000
2041		345,000	182,125	527,125	527,125
2042		360,000	164,500	524,500	524,500
2043		380,000	146,000	526,000	526,000
2044		400,000	126,500	526,500	526,500
2045		420,000	106,000	526,000	526,000
2046		440,000	84,500	524,500	524,500
2047		465,000	61,875	526,875	526,875
2048		490,000	38,000	528,000	528,000
2049		515,000	12,875	527,875	527,875
Total	\$	<u>7,500,000</u>	\$ <u>5,697,167</u>	\$ <u>13,197,167</u>	\$ <u>13,197,167</u>

*Preliminary, subject to change.

^(a) Interest calculated at an assumed rate for illustrative purposes only.

TAX ADEQUACY

2023 Net Taxable Assessed Valuation	\$	399,680,738
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2025)		554,542 *
Indicated required I&S Fund Tax Rate at 98% Collections	\$	0.1416 *

*Preliminary, subject to change.

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties, and interest on delinquent tax collections.

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

FYE (9/30)	The Certificates*	Principal Unpaid at the End of the Year*	Percent of Principal Retired (%)*
2025	\$ 135,000	\$ 7,365,000	1.80%
2026	165,000	7,200,000	4.00%
2027	170,000	7,030,000	6.27%
2028	180,000	6,850,000	8.67%
2029	190,000	6,660,000	11.20%
2030	200,000	6,460,000	13.87%
2031	210,000	6,250,000	16.67%
2032	220,000	6,030,000	19.60%
2033	230,000	5,800,000	22.67%
2034	245,000	5,555,000	25.93%
2035	255,000	5,300,000	29.33%
2036	270,000	5,030,000	32.93%
2037	280,000	4,750,000	36.67%
2038	295,000	4,455,000	40.60%
2039	310,000	4,145,000	44.73%
2040	330,000	3,815,000	49.13%
2041	345,000	3,470,000	53.73%
2042	360,000	3,110,000	58.53%
2043	380,000	2,730,000	63.60%
2044	400,000	2,330,000	68.93%
2045	420,000	1,910,000	74.53%
2046	440,000	1,470,000	80.40%
2047	465,000	1,005,000	86.60%
2048	490,000	515,000	93.13%
2049	515,000	-	100.00%
Total	\$ 7,500,000		

*Preliminary, subject to change.

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2014-23 **TABLE 3**

Tax Year	Net Taxable Assessed Valuation	Change From Preceding Year	
		Amount (\$)	Percent
2014	\$ 200,357,178	\$ 6,993,590	3.62%
2015	216,261,819	15,904,641	7.94%
2016	220,428,597	4,166,778	1.93%
2017	232,609,649	12,181,052	5.53%
2018	254,650,980	22,041,331	9.48%
2019	276,169,085	21,518,105	8.45%
2020	287,240,035	11,070,950	4.01%
2021	320,216,390	32,976,355	11.48%
2022	369,707,472	49,491,082	15.46%
2023	393,420,966	23,713,494	6.41%

Source: Burnet Central Appraisal District.

PRINCIPAL TAXPAYERS TAX YEAR 2023 **TABLE 4**

Name	% of Total 2023	
	2023 Net Taxable Assessed Value	Assessed Valuation
Hagerty Theodore J & Polly	\$ 3,715,852	0.94%
Heerssen Nancy E	2,652,998	0.67%
Coleman Rick & Rhonda Family Trust	1,957,025	0.50%
Morrison Howard & Jana Trustees	1,924,757	0.49%
Spencer Douglas & Rebecca V	1,721,773	0.44%
LFR Texas, LLC	1,678,344	0.43%
Stripling Kyle L	1,663,041	0.42%
Smith Casey	1,651,928	0.42%
Raman William D & Linda K	1,569,909	0.40%
Childers Laren Paul & Beth M	1,561,099	0.40%
Total	\$ 20,096,726	5.11%

Source: Burnet Central Appraisal District.

CLASSIFICATION OF ASSESSED VALUATION

TABLE 5

	2023	% of Total	2022	% of Total	2021	% of Total
Real, Residential, Single-Family	\$ 494,212,023	98.05%	\$ 406,642,271	80.68%	\$ 324,118,886	97.76%
Real, Residential, Multi-Family	3,575,232	0.71%	3,282,315	0.65%	2,572,179	0.78%
Real, Vacant Lots/Tracts	2,884,334	0.57%	3,209,293	0.64%	2,635,183	0.79%
Real, Acreage (Land Only)	158,700	0.03%	158,700	0.03%	158,700	0.05%
Real, Farm and Ranch Improvements	-	0.00%	-	0.00%	-	0.00%
Real, Commercial and Industrial	2,269,539	0.45%	1,670,094	0.33%	1,189,357	0.36%
Real & Tangible, Personal Utilities	277,228	0.06%	265,179	0.05%	252,291	0.08%
Tangible Personal, Commercial & Industrial	442,090	0.09%	424,136	0.08%	356,552	0.11%
Tangible Personal, Mobile Homes	-	0.00%	66,613	0.01%	-	0.00%
Real Property, Inventory	215,121	0.04%	215,121	0.04%	270,133	0.08%
Special Inventory	-	0.00%	-	0.00%	-	0.00%
Total Appraised Value	\$ 504,034,267	100.00%	\$ 415,933,722	82.52%	\$ 331,553,281	100.00%
Less:						
Optional Over 65 or Disabled	\$ 26,025,000		\$ 4,422,857		\$ -	
Veterans' Exemptions	6,259,772		-		4,277,992	
Freeport Exemptions	-		-		-	
Open-Space Land and Timberland	-		-		-	
Pollution Control	-		-		-	
Homestead	-		-		-	
Loss to 10% HO Cap	78,328,529		41,803,393		7,058,899	
Net Taxable Assessed Valuation	\$ 393,420,966		\$ 369,707,472		\$ 320,216,390	

Source: Burnet Central Appraisal District.

TAX DATA

TABLE 6

Tax Year	Net Taxable Assessed	Tax Rate	Tax Levy	% of Collections		Year Ended
				Current	Total	
2014	\$ 200,357,178	0.302600	\$ 606,281	92.71	100.37	9/30/2015
2015	216,261,819	0.302600	654,408	99.21	100.79	9/30/2016
2016	220,428,597	0.318600	702,286	99.59	100.41	9/30/2017
2017	232,787,515	0.315000	733,281	99.39	100.61	9/30/2018
2018	254,650,980	0.291400	742,053	99.74	100.26	9/30/2019
2019	276,183,655	0.287000	792,647	99.85	100.16	9/30/2020
2020	287,240,035	0.287000	824,379	98.01	102.03	9/30/2021
2021	320,216,390	0.266100	852,096	99.98	100.02	9/30/2022
2022	369,707,472	0.239600	885,819	99.93	100.07	9/30/2023
2023	393,420,966	0.137400	540,560	92.84	107.71	9/30/2024*

* As of April 18, 2024.

TAX RATE DISTRIBUTION

TABLE 7

	2023	2022	2021	2020	2019
General Fund	\$ 0.137400	\$ 0.136500	\$ 0.148700	\$ 0.156900	\$ 0.152900
I & S Fund	-	0.103100	0.117400	0.130100	0.134100
Total Tax Rate	\$ 0.137400	\$ 0.239600	\$ 0.266100	\$ 0.287000	\$ 0.287000

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Burnet Central Appraisal District, the Issuer's Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2023, and information supplied by the Issuer.

MUNICIPAL SALES TAX COLLECTIONS

The City does not have a local sales tax.

OVERLAPPING DEBT INFORMATION

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the City and the estimated percentages and amounts of such indebtedness attributable to property within the City. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the Issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures. The following statements of direct and estimated overlapping ad valorem tax bonds was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer 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 below may have authorized or issued additional obligations since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional obligations, the amount of which cannot be determined.

Taxing Body	Gross Debt (As of 5/1/2024)	% Overlapping	Amount Overlapping
Burnet County	\$ 23,620,000	3.41%	\$ 805,442
Marble Falls Independent School District	74,825,000	5.40%	4,040,550
Total Gross Overlapping Debt			<u>\$ 4,845,992</u>
City of Meadowlakes	\$7,500,000 *		\$ 7,500,000 *
Total Gross Direct and Overlapping Debt			<u>\$ 12,345,992 **</u>
Ratio of Gross Direct and Overlapping Debt to 2023 Certified Net Taxable Assessed Valuation			3.09% **
Per Capita Gross Direct and Overlapping Debt			\$ 5,612 **

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas

*The Certificates.

**Preliminary, subject to change.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2023 Assessed Valuation	% of Actual	2023 Tax Rate
Marble Falls ISD	\$ 6,404,270,972	100%	\$ 0.887800
Burnet County	13,347,947,753	100%	0.354000

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL SUBDIVISIONS

Issuer	Date of Authorization	Purpose	Amount Authorized	Issued To-Date	Unissued
Marble Falls ISD	None				
Burnet County	None				
Meadowlakes, City of	11/7/2023**	Golf Course, Utility System & Swimming pool improvements	\$ 7,500,000 *	\$ -	\$ 7,500,000 *

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

*The Certificates.

** The Certificates were submitted to the electorate for a vote after a valid petition was received by the City.

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES ⁽¹⁾

TABLE 8

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Fund Balance - Beginning of Year	\$ 382,922	\$ 322,598	\$ 290,943	\$ 299,342	\$ 388,112
Revenues	\$ 694,698	\$ 669,770	\$ 652,917	\$ 614,608	\$ 625,683
Expenditures	692,496	658,946	643,762	591,657	604,453
Excess (Deficit) of Revenues Over Expenditures	\$ 2,202	\$ 10,824	\$ 9,155	\$ 22,951	\$ 21,230
Other Financing Sources (Uses):					
Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on Bond Issuance	-	-	-	-	-
Debt Proceeds	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-
Proceeds from Insurance	-	-	-	-	-
Operating Transfers In	215,158	215,000	215,000	75,000	(110,000)
Operating Transfers Out	(140,000)	(165,500)	(192,500)	(106,350)	-
Total Other Financing Sources (Uses):	\$ 75,158	\$ 49,500	\$ 22,500	\$ (31,350)	\$ (110,000)
Fund Balance - End of Year	\$ 460,282	\$ 382,922	\$ 322,598	\$ 290,943	\$ 299,342

Source: The Issuer's Annual Comprehensive Financial Reports and information provided by the Issuer.

⁽¹⁾ The City anticipates ending the fiscal year ending September 30, 2024 with an unaudited general fund balance of \$382,356.

Information regarding the City's Pension Plan can be found within the City's 2023 Annual Financial Report.

UTILITY PLANT IN SERVICE**TABLE 10***(As of September 30, 2023)*

Land	\$ 1,861,410
Improvements	\$ 229,071
Construction in Progress	-
Buildings & Improvements	1,209,508
Machines and Equipment	186,558
Total	\$ 3,486,547
Less: Accumulated Depreciation	(957,846)
Net Property, Plant and Equipment	\$ 2,528,701

Source: *The Issuer's Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023.*

UTILITY SYSTEM OPERATING STATEMENT**TABLE 11**

The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital.

	Fiscal Year Ended				
	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Revenues	\$ 1,538,109	\$ 1,526,024	\$ 1,491,172	\$ 1,334,200	\$ 1,241,071
Expenses	1,283,478	1,254,489	1,188,735	1,066,964	1,090,431
Net Revenue Available for Debt Service	<u>\$ 254,631</u>	<u>\$ 271,535</u>	<u>\$ 302,437</u>	<u>\$ 267,236</u>	<u>\$ 150,640</u>
Customer Count:					
Water	989	985	972	966	954
Sewer	978	973	959	948	939

Source: *The Issuer's Annual Comprehensive Financial Reports.*

WATER RATES**TABLE 12**

Effective October 1, 2020

Minimum \$26.65 for first 3,000 gallons used
Each 1000 gallons water used over 3,001 - 20,000 \$2.00 per thousand
Each 1000 gallons water used over 20,001 - 30,000 \$2.15 per thousand
Each 1000 gallons water used over 30,001 - 40,000 \$2.80 per thousand
Each 1000 gallons water used over 40,001 - 50,000 \$3.30 per thousand
50,001 plus water used \$4.30 per thousand

SEWER RATES**TABLE 13**

Effective January 1, 2021

Residential Flat Rate of \$57.00 per month

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APPENDIX B

**GENERAL INFORMATION REGARDING THE CITY OF MEADOWLAKES
AND BURNET COUNTY, TEXAS**

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CITY OF MEADOWLAKES

The City of Meadowlakes, Texas (the “City”) is located in the Texas Hill Country along the shore of Lake Marble Falls in Southern Burnet County.

The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and two of the Councilmembers’ expiring in even-numbered years and the other terms of the three Councilmembers expiring in odd-numbered years. The City Council is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Secretary, City Attorney and Municipal Judges. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the executive directors, and heads of departments, and the performance of functions within the municipal organization.

The City provides a full range of services including fire, municipal court, water distribution, wastewater collection, solid waste collection, curb-side recycling, streets, storm water drainage, animal control, community development (planning, code enforcement, and building inspection), and general administrative services.

Population Trends

<u>US Census Report</u>	<u>City of Meadowlakes</u>	<u>Burnet County</u>
2000	1,293	34,147
2010	1,777	42,750
2020	1,907	49,130
Current Estimate	2,200	55,415

Sources: U.S. Census Bureau and the Issuer.

BURNET COUNTY, TEXAS

Burnet County (the “County”), created in 1854 from Bell, Travis and Williamson counties, located in central Texas and traversed by U.S. Highways 183 and 281, State Highways 29 and 71, and six farm-to-market roads. The economy is based on stone processing, agriculture, manufacturing, and tourism. The area of the County is 996 square miles.

The City of Burnet (the “City”) is the County seat and principal commercial center of the County. The City is located at the intersection of U.S. Highway 281 and State Highway 29 and is approximately 55 miles northwest of Austin, 100 miles north of San Antonio, and 225 miles northwest of Houston.

Top Ten Taxpayers - Burnet County

<u>Taxpayer</u>	<u>2023 Taxable Assessed Value</u>	<u>2023 % of Total Taxable Assessed Value</u>
Wink to Webster LLC	\$82,111,837	0.62
Pedernales Electric Co-Op Inc	53,131,294	0.40
Texas Materials Group Inc.	44,592,726	0.33
Lhoist North America	42,767,371	0.32
Hanson Aggregates Central Inc.	37,318,299	0.28
M Oaks Ranch Partners LLC	35,006,488	0.26
Knife River	31,166,201	0.23
Whitethorn Pipeline LLC	28,235,157	0.21
LCRA Transmission Services Corp	23,742,012	0.18
Seminole Pipeline Co	22,278,047	0.17
Total	\$400,349,432	3.00

Source: Burnet County Appraisal District.

Burnet County Labor Force Statistics

	Labor Force Statistics ⁽¹⁾				
	<u>2024</u> ⁽²⁾	<u>2023</u> ⁽³⁾	<u>2022</u> ⁽³⁾	<u>2021</u> ⁽³⁾	<u>2020</u> ⁽³⁾
Civilian Labor Force	27,266	26,549	25,625	24,777	23,636
Total Employed	26,408	25,729	24,856	23,840	22,510
Total Unemployed	858	820	769	937	1,126
% Unemployment	3.1	3.1	3.0	3.8	4.8
Texas Unemployment	3.9	3.9	3.9	5.6	7.7

(1) Source: Texas Workforce Commission, Texas Labor Market Information.

(2) March 2024.

(3) Average Annual Statistics.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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July 11, 2024

**CITY OF MEADOWLAKES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE
CERTIFICATES OF OBLIGATION, SERIES 2024
DATED AS OF JUNE 15, 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____**

AS BOND COUNSEL FOR CITY OF MEADOWLAKES, TEXAS (the *City*) in connection with the issuance of the certificates of obligation described above (the *Certificates*), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Certificates, and which are subject to redemption, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general 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 (i) the ordinance authorizing the issuance of the Certificates (the *Ordinance*), (ii) one of the executed Certificates (*Certificate No. T-1*), and (iii) the City's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with law; that the Certificates constitute valid and legally binding general obligations of the City in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion; that the City has the legal authority to issue the Certificates and to repay the Certificates; that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law; and that "Pledged Revenues" (as such term is defined and described in the Ordinance) received by the City from the ownership and operation of the City's combined utility system have been pledged to further secure the payment of the Certificates in the manner set forth 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 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. In expressing the aforementioned opinions, we have relied on certain representations of the City, the accuracy of which we have not independently verified, and have assumed 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 if the City fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. 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 Bonds, may be includable in a corporation’s adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

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 OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further given, and are based on our knowledge of facts, as of the date hereof. We assume no duty or obligation to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter 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.



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 the general 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. 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. 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 we have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

Respectfully,

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APPENDIX D

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

(Independent Auditor's Report, General Financial Statements and Notes to the Financial Statements – not intended to be a complete statement of the Issuer's financial condition. Reference is made to the complete Annual Financial Report for further information.)

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**CITY OF MEADOWLAKES, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023**

CITY OF MEADOWLAKES
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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NEFFENDORF & BLOCKER, P.C.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Aldermen
City of Meadowlakes, Texas
Meadowlakes, TX 78654

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Meadowlakes, Texas, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Meadowlakes, Texas 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Meadowlakes, Texas'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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MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & TEXAS SOCIETY OF CPAs

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 generally accepted auditing standards 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 generally accepted auditing standards 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 of Meadowlakes, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Meadowlakes, Texas'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 and budgetary comparison information and the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 4-9 and 41-49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, on our consideration of the City of Meadowlakes, Texas'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 of Meadowlakes, Texas'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 City of Meadowlakes, Texas's internal control over financial reporting and compliance.

Neffendorf & Blocker, P.C.
NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas

March 18, 2024

**CITY OF MEADOWLAKES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Meadowlakes, we offer readers of the City's financial statements this narrative overview and analysis of the financial statements of the City for the year ended September 30, 2023. Please read it in conjunction with the independent auditors' report on page 1, and City's Basic Financial Statements which begin on page 10.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$7,834,970 (net position). Of this amount, \$1,362,216 (unrestricted net position) may be used to meet the City's ongoing obligations to citizen's and creditors.
- The City's net position increased by \$558,744 as a result of this year's operations.
- At September 30, 2023, the City's governmental funds reported combined ending fund balances of \$406,455, an increase of \$54,248 in comparison with the prior year.
- At September 30, 2023, the City's Enterprise Funds reported unrestricted net position of \$893,766, an increase of \$117,013 in comparison with the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 through 12). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (beginning on page 14) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements (starting on page 24) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedule (operating fund), Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, the Notes to the Schedule of Contributions, Schedule of Changes in the Total OPEB Liability and Related Ratios and the Notes to the Schedule of Changes in the Total OPEB Liability and Related Ratios are presented as required supplementary information on pages 41 - 49.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the City's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider other factors as well, such as changes in the City's customers or its property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activity:

- **Governmental activity** - Most of the City's basic services are reported here, including the public safety, municipal court and administration. Property taxes, user charges, sales tax and franchise tax finance most of these activities.
- **Business-type activity** - The City's water and sewer system, sanitation and recreation are reported as a business-type activity since the fees charged to customers cover the cost of services provided.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has two kinds of funds:

- **Governmental funds** - All of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Note II to the financial statements.
- **Proprietary funds** - Services for which the City charges customers a fee are generally reported in proprietary funds. The City's utility fund (Water, Sewer, Sanitation and Recreation) is a business-type activity and provides both long and short-term financial information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the City's governmental and business-type activities.

Net position of the City's governmental activities increased from \$2,560,594 to \$2,997,324. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$468,450 at September 30, 2023. This increase in governmental net position was the result of five factors. First, the City's revenues exceeded the expenditures by \$54,248. Second, the City paid principal on long-term debt of \$420,000. Third, the City recorded depreciation in the amounts of \$53,914. Fourth, a net decrease of \$3,289 due to required entries of GASB Statement No. 75 accounting and financial reporting for other post-employment benefits and fifth, a net decrease of \$1,834 due to recognition of deferred inflows, outflows and pension liability related to GASB 68 accounting and financial reporting for pensions.

Net position of the City's business-type activities increased from \$4,670,138 to \$4,837,646. Unrestricted net position was \$893,766 at September 30, 2023. This increase in business-type net position was the result of a net income of \$122,014.

Table I
City of Meadowlakes

NET POSITION

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2023	2022	2023	2022	2023	2022
	Current and Restricted Assets	\$ 554,579	\$ 549,616	\$ 1,751,192	\$ 1,443,603	\$ 2,305,771
Capital Assets	2,528,701	2,567,294	4,068,635	4,057,584	6,597,336	6,624,878
Total Assets	\$ 3,083,280	\$ 3,116,910	\$ 5,819,827	\$ 5,501,187	\$ 8,903,107	\$ 8,618,097
Deferred Outflow of Resources						
Deferred Outflow Related to Pension Plan	\$ 34,189	\$ 11,411	\$ 58,008	\$ 18,619	\$ 92,197	\$ 30,030
Deferred Outflow Related to OPEB	2,673	3,647	4,534	5,950	7,207	
Total Deferred Outflows of Resources	\$ 36,862	\$ 15,058	\$ 62,542	\$ 24,569	\$ 99,404	\$ 30,030
Long-Term Liabilities	\$ 12,089	\$ 13,840	\$ 104,771	\$ 147,336	\$ 116,860	\$ 161,176
Other Liabilities	90,229	513,205	885,964	620,502	976,193	1,133,707
Total Liabilities	\$ 102,318	\$ 527,045	\$ 990,735	\$ 767,838	\$ 1,093,053	\$ 1,294,883
Deferred Inflow of Resources						
Unavailable Revenue -Property Tax	\$	\$ 2,376	\$	\$	\$ -	\$ 2,376
Deferred Inflow Related to Pension Plan	8,500	32,205	14,420	52,543	22,920	84,748
Deferred Inflow Related to OPEB	12,000	7,346	20,361	11,987	32,361	
Deferred Inflow Refunding		2,402		-	-	2,402
Deferred Inflow for Leases			19,207	23,250	19,207	23,250
Total Deferred Inflows of Resources	\$ 20,500	\$ 44,329	\$ 53,988	\$ 64,530	\$ 55,281	\$ 89,526
Net Position:						
Net Investment in Capital Assets	\$ 2,528,701	\$ 2,147,294	\$ 3,943,880	\$ 3,893,385	\$ 6,472,581	\$ 6,040,679
Restricted	173	23,285			173	23,285
Unrestricted	468,450	390,015	893,766	776,753	1,362,216	1,166,768
Total Net Position	\$ 2,997,324	\$ 2,560,594	\$ 4,837,646	\$ 4,670,138	\$ 7,834,970	\$ 7,230,732

**Table II
City of Meadowlakes**

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Property Taxes	\$ 883,945	\$ 852,857	\$	\$	\$ 883,945	\$ 852,857
Franchise Tax	61,673	54,173			61,673	54,173
Charges for Services	4,862	7,499	2,403,278	2,321,749	2,408,140	2,329,248
Miscellaneous	125,489	135,406	57,640	11,416	183,129	146,822
Contributions and Donations					-	-
Interest Earnings	3,248	3,799	5,481	8,629	8,729	12,428
Total Revenue	\$ 1,079,217	\$ 1,053,734	\$ 2,466,399	\$ 2,341,794	\$ 3,545,616	\$ 3,395,528
Expenses:						
General Government	\$ 561,571	\$ 529,953	\$	\$	\$ 561,571	\$ 529,953
BCAD	12,336	13,136			12,336	13,136
Ordinance Enforcement/Public Safety	130,783	115,387			130,783	115,387
Traffic Control	27,735	33,878			27,735	33,878
Municipal Court	6,586	7,789			6,586	7,789
Water and Sewer			1,283,478	1,254,489	1,283,478	1,254,489
Recreation Fund			969,277	833,585	969,277	833,585
Debt Service - Interest	5,518	14,033	3,934	9,882	9,452	23,915
Fiscal Agent's Fees					-	-
Issuance Costs					-	-
Total Expenses	\$ 744,529	\$ 714,176	\$ 2,256,689	\$ 2,097,956	\$ 3,001,218	\$ 2,812,132
Increase (Decrease) in Net Position						
Before Transfers & Capital Contributions	\$ 334,688	\$ 339,558	\$ 209,710	\$ 243,838	\$ 544,398	\$ 583,396
Capital Contributions			11,622			
Grants			2,724		2,724	
Transfers	102,042	105,500	(102,042)	(105,500)	-	-
Net Change	436,730	445,058	122,014	138,338	547,122	583,396
Net Position - Beginning	2,560,594	2,115,536	4,670,138	4,531,800	7,230,732	6,647,336
Prior Period Adjustment			45,494		45,494	
Net Position - Ending	\$ 2,997,324	\$ 2,560,594	\$ 4,837,646	\$ 4,670,138	\$ 7,823,348	\$ 7,230,732

The cost of all governmental activities this year was \$744,529. However, as shown in the Statement of Activities on page 12-13, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$503,849 because the other costs were paid by franchise tax (\$61,673), user charges (\$4,862), interest (\$3,248) and other miscellaneous (\$123,000).

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a fund balance of \$460,455, which is more than last year's total of \$406,207. Included in this year's total change in fund balance is an increase of \$77,360 in the City's General Fund. This increase in the General Fund balance was caused by the excess of revenues over expenditures.

The City adopted the General Fund Budget. Actual revenues were less than budgeted amounts and actual expenditures were less than the budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2023, the City had the following amounts invested in capital assets, net of depreciation:

CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		TOTALS	
	2023	2022	2023	2022	Primary Government	
					2023	2022
Land and Improvements	\$ 1,861,410	\$ 1,861,410	\$ 42,334	\$ 42,334	\$ 1,903,744	\$ 1,903,744
Infrastructure			6,729,303	6,729,303	6,729,303	6,729,303
Buildings	1,209,508	1,209,508	422,259	422,259	1,631,767	1,631,767
Improvements	229,071	220,950	552,719	552,719	781,790	773,669
Machinery & Equipment	186,558	179,258	1,810,129	1,461,705	1,996,687	1,640,963
Construction in Progress	-	-	72,573	49,951	72,573	49,951
Total Capital Assets	\$ 3,486,547	\$ 3,471,126	\$ 9,629,317	\$ 9,258,271	\$ 13,115,864	\$ 12,729,397
Less: Accumulated Depreciation	(957,846)	(903,932)	(5,560,681)	(5,200,686)	(6,518,527)	(6,104,618)
Capital Assets, Net	\$ 2,528,701	\$ 2,567,194	\$ 4,068,636	\$ 4,057,585	\$ 6,597,337	\$ 6,624,779

More detailed information about the City's capital assets is presented in Note D and E to the financial statements.

DEBT

At September 30, 2023, the City had the following outstanding debt:

OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2023	2022	2023	2022	2023	2022
	Bonds Payable	\$	\$ 420,000	\$	\$ -	\$ -
Finance Purchases Payable			124,755	164,199	124,755	164,199
Net Pension Liability	588		998		1,586	-
Net OPEB Liability	11,501	13,840	19,514	22,581	31,015	36,421
Compensated Absences	29,187	26,388	28,799	25,715	57,986	52,103
Total Outstanding Debt	\$	\$ 460,228	\$	\$ 212,495	\$ 215,342	\$ 672,723

For governmental activities, the City paid \$420,000 in principal payments on long-term debt.

For business-type activities the City paid principal payments in the amount of \$39,444.

More detailed information about the City's long-term liabilities is presented in Notes G, H, and I to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2024 budget and tax rates. The major factors are the assessed property valuation and population growth. These indicators were taken into account when adopting the General Fund budget for 2024. Amounts available for appropriation in the General Fund budget are \$929,800 (including a transfer in from other funds in the amount of \$215,000) and expenditures are estimated to be \$929,800 (including a transfer out to other funds in the amount of \$50,000).

If these estimates are realized, the City's budgetary General fund balance is expected to remain the same by the close of 2024.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office, at City of Meadowlakes, Texas.

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**BASIC
FINANCIAL STATEMENTS**

CITY OF MEADOWLAKES, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

EXHIBIT A-1 (Cont'd)

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 282,529	\$ 992,216	\$ 1,274,745
Investments - Current	100,000	600,000	700,000
Taxes Receivable, Net	23,093	-	23,093
Accounts Receivable (Net)	9,988	129,572	139,560
Lease Receivable, Net	-	16,583	16,583
Due from Other Funds	135,210	(135,210)	-
Inventories	-	125,751	125,751
Prepaid Items	3,559	22,280	25,839
Capital Assets:			
Land Purchase and Improvements	1,861,410	42,334	1,903,744
Infrastructure, Net	-	2,612,888	2,612,888
Buildings, Net	581,583	163,586	745,169
Improvements other than Buildings, Net	73,918	392,422	466,340
Furniture and Equipment, Net	11,790	784,832	796,622
Construction in Progress	-	72,573	72,573
Other Assets	200	-	200
Total Assets	<u>3,083,280</u>	<u>5,819,827</u>	<u>8,903,107</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	34,189	58,008	92,197
Deferred Resource Outflow Related to OPEB	2,673	4,534	7,207
Total Deferred Outflows of Resources	<u>36,862</u>	<u>62,542</u>	<u>99,404</u>

CITY OF MEADOWLAKES, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

EXHIBIT A-1

	Primary Government		Total
	Governmental Activities	Business - Type Activities	
LIABILITIES			
Accounts Payable	3,259	290,799	294,058
Wages and Salaries Payable	-	2,084	2,084
Compensated Absences Payable	29,187	28,799	57,986
Intergovernmental Payable	-	1,472	1,472
Unearned Revenues	16,708	413,813	430,521
Notes Payable - Current	-	40,496	40,496
Other Current Liabilities	41,075	108,501	149,576
Noncurrent Liabilities:			
Other Long Term Debt Payable - Noncurrent	-	84,259	84,259
Net Pension Liability	588	998	1,586
Net OPEB Liability	11,501	19,514	31,015
Total Liabilities	<u>102,318</u>	<u>990,735</u>	<u>1,093,053</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	8,500	14,420	22,920
Deferred Resource Inflow Related to OPEB	12,000	20,361	32,361
Deferred Resource Inflow for Leases	-	19,207	19,207
Total Deferred Inflows of Resources	<u>20,500</u>	<u>53,988</u>	<u>74,488</u>
NET POSITION			
Net Investment in Capital Assets and Lease Assets	2,528,701	3,943,880	6,472,581
Restricted for Debt Service	173	-	173
Unrestricted Net Position	468,450	893,766	1,362,216
Total Net Position	<u>\$ 2,997,324</u>	<u>\$ 4,837,646</u>	<u>\$ 7,834,970</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MEADOWLAKES, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 561,571	\$ 3,209	\$ -	\$ -
BCAD	12,336	-	-	-
Flood Plain Administrator	5,000	-	-	-
Ordinance Enforcement/Public Safety	125,271	1,653	-	-
Traffic Control	27,735	-	-	-
Municipal Court	6,586	-	-	-
Animal Control	512	-	-	-
Interest on Debt	5,518	-	-	-
Total Governmental Activities	744,529	4,862	-	-
BUSINESS-TYPE ACTIVITIES:				
Major Fund Public Works Fund	1,283,478	1,498,788	2,724	11,622
Major Fund Recreation Fund	973,211	904,490	-	-
Total Business-Type Activities	2,256,689	2,403,278	2,724	11,622
TOTAL PRIMARY GOVERNMENT	\$ 3,001,218	\$ 2,408,140	\$ 2,724	\$ 11,622

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Franchise Tax

Other Taxes

Miscellaneous Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (558,362)	\$ -	\$ (558,362)
(12,336)	-	(12,336)
(5,000)	-	(5,000)
(123,618)	-	(123,618)
(27,735)	-	(27,735)
(6,586)	-	(6,586)
(512)	-	(512)
(5,518)	-	(5,518)
<u>(739,667)</u>	<u>-</u>	<u>(739,667)</u>
-	229,655	229,655
-	(68,721)	(68,721)
-	160,934	160,934
<u>(739,667)</u>	<u>160,934</u>	<u>(578,733)</u>
503,849	-	503,849
380,096	-	380,096
61,673	-	61,673
2,489	-	2,489
123,000	57,640	180,640
3,248	5,482	8,730
102,042	(102,042)	-
<u>1,176,397</u>	<u>(38,920)</u>	<u>1,137,477</u>
436,730	122,014	558,744
2,560,594	4,670,138	7,230,732
-	45,494	45,494
<u>\$ 2,997,324</u>	<u>\$ 4,837,646</u>	<u>\$ 7,834,970</u>

CITY OF MEADOWLAKES, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Major Fund Debt Service	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 282,356	\$ 173	\$ 282,529
Investments - Current	100,000	-	100,000
Taxes Receivable	13,163	9,930	23,093
Due from Other Funds	153,127	-	153,127
Prepaid Items	3,559	-	3,559
Other Assets	200	-	200
Total Assets	<u>\$ 552,405</u>	<u>\$ 10,103</u>	<u>\$ 562,508</u>
LIABILITIES			
Accounts Payable	\$ 3,260	\$ -	\$ 3,260
Due to Other Funds	17,917	-	17,917
Unearned Revenues	16,708	-	16,708
Other Current Liabilities	41,075	-	41,075
Total Liabilities	<u>78,960</u>	<u>-</u>	<u>78,960</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	13,163	9,930	23,093
Total Deferred Inflows of Resources	<u>13,163</u>	<u>9,930</u>	<u>23,093</u>
FUND BALANCES			
Restricted Fund Balance:			
Retirement of Long-Term Debt	-	173	173
Unassigned Fund Balance	460,282	-	460,282
Total Fund Balances	<u>460,282</u>	<u>173</u>	<u>460,455</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 552,405</u>	<u>\$ 10,103</u>	<u>\$ 562,508</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MEADOWLAKES, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$	460,455
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		2,144,202
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to increase net position.		438,413
The City is required under GASB Statement No. 68 to report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this requirement included a net pension liability of \$588, a Deferred Resource Outflow of \$34,189 and a Deferred Resource Inflow of \$8,500. The net effect of these was to increase net position.		25,101
The City is required under GASB Statement No. 75 to report their OPEB benefit plan through TMRS. The requirement resulted in an OPEB liability of \$11,501, a Deferred Resource Outflow of \$2,673 and a Deferred Resource Inflow of \$12,000. The net effect of these was to decrease net position.		(20,828)
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(53,914)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		3,895
Net Position of Governmental Activities	\$	2,997,324

The notes to the financial statements are an integral part of this statement.

CITY OF MEADOWLAKES, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Major Fund Debt Service	Total Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	\$ 502,326	\$ 377,531	\$ 879,857
Franchise Tax	61,673	-	61,673
Other Taxes	2,489	-	2,489
Licenses and Permits	3,575	-	3,575
Fines	1,286	-	1,286
Investment Earnings	2,165	1,083	3,248
Other Revenue	121,184	-	121,184
Total Revenues	694,698	378,614	1,073,312
EXPENDITURES:			
Current:			
General Government	499,735	-	499,735
BCAD	12,336	-	12,336
Flood Plain Administrator	5,000	-	5,000
Ordinance Enforcement/Public Safety	125,271	-	125,271
Traffic Control	27,735	-	27,735
Municipal Court	6,586	-	6,586
Animal Control	512	-	512
Debt Service:			
Principal on Debt	-	420,000	420,000
Interest on Debt	-	8,610	8,610
Capital Outlay:			
Capital Outlay	15,321	-	15,321
Total Expenditures	692,496	428,610	1,121,106
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,202	(49,996)	(47,794)
OTHER FINANCING SOURCES (USES):			
Transfers In	215,158	27,042	242,200
Transfers Out (Use)	(140,000)	(158)	(140,158)
Total Other Financing Sources (Uses)	75,158	26,884	102,042
Net Change in Fund Balances	77,360	(23,112)	54,248
Fund Balance - October 1 (Beginning)	382,922	23,285	406,207
Fund Balance - September 30 (Ending)	\$ 460,282	\$ 173	\$ 460,455

The notes to the financial statements are an integral part of this statement.

CITY OF MEADOWLAKES, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	54,248
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase the change in net position.		438,413
The entries required by GASB Statement No. 68 did require that some expenses on B-1 be adjusted. The net effect on the change in net position on Exhibit B-1 is a decrease in net position.		(1,834)
The requirement of recording the OPEB liability under GASB Statement No. 75 resulted in a decrease in net position.		(3,289)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(53,914)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.		3,106
Change in Net Position of Governmental Activities	\$	436,730

The notes to the financial statements are an integral part of this statement.

CITY OF MEADOWLAKES, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds		
	Major Fund Public Works Fund	Major Fund Recreation Fund	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 666,309	\$ 325,907	\$ 992,216
Investments - Current	600,000	-	600,000
Accounts Receivable (Net)	128,928	644	129,572
Lease Receivable, Net	-	16,583	16,583
Due from Other Funds	22,172	-	22,172
Inventories	36,951	88,800	125,751
Prepaid Items	6,526	15,754	22,280
Total Current Assets	1,460,886	447,688	1,908,574
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements	42,334	-	42,334
Infrastructure, net	2,612,888	-	2,612,888
Buildings, net	170,090	-	170,090
Improvements other than Buildings, net	176,115	209,803	385,918
Furniture and Equipment, net	425,059	359,773	784,832
Construction in Progress, net	72,573	-	72,573
Total Noncurrent Assets	3,499,059	569,576	4,068,635
Total Assets	4,959,945	1,017,264	5,977,209
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	28,315	29,693	58,008
Deferred Resource Outflow Related to OPEB	2,213	2,321	4,534
Total Deferred Outflows of Resources	30,528	32,014	62,542

The notes to the financial statements are an integral part of this statement.

CITY OF MEADOWLAKES, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds		
	Major Fund Public Works Fund	Major Fund Recreation Fund	Total Enterprise Funds
LIABILITIES			
Current Liabilities:			
Accounts Payable	80,135	210,663	290,798
Wages and Salaries Payable	-	2,084	2,084
Compensated Absences Payable	13,772	15,027	28,799
Intergovernmental Payable	1,472	-	1,472
Due to Other Funds	704	156,679	157,383
Unearned Revenues	411,192	2,621	413,813
Notes Payable - Current	-	40,496	40,496
Other Current Liabilities	90,516	17,985	108,501
Total Current Liabilities	597,791	445,555	1,043,346
Noncurrent Liabilities:			
Other Long Term Debt Payable - Noncurrent	-	84,259	84,259
Net Pension Liability	487	511	998
Net OPEB Liability	9,525	9,989	19,514
Total Noncurrent Liabilities	10,012	94,759	104,771
Total Liabilities	607,803	540,314	1,148,117
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	7,039	7,381	14,420
Deferred Resource Inflow Related to OPEB	9,939	10,422	20,361
Deferred Resource Inflow for Leases	-	19,207	19,207
Total Deferred Inflows of Resources	16,978	37,010	53,988
NET POSITION			
Net Investment in Capital Assets and Lease Assets	3,499,059	444,821	3,943,880
Unrestricted Net Position	866,633	27,133	893,766
Total Net Position	\$ 4,365,692	\$ 471,954	\$ 4,837,646

The notes to the financial statements are an integral part of this statement.

CITY OF MEADOWLAKES, TEXAS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT D-2 (Cont'd)

	Business-Type Activities - Enterprise Funds		
	Major Fund Public Works Fund	Major Fund Recreation Fund	Total Enterprise Funds
OPERATING REVENUES:			
Charges for Services	\$ 1,498,788	\$ 904,490	\$ 2,403,278
Interest Revenue - Leases	-	15,488	15,488
Rents and Royalties	-	900	900
Other Revenue	39,321	1,931	41,252
Total Operating Revenues	1,538,109	922,809	2,460,918
OPERATING EXPENSES:			
Proprietary Fund Function - Water			
Personnel Services - Salaries and Wages	327,424	-	327,424
Personnel Services - Employee Benefits	120,909	-	120,909
Purchased Professional & Technical Services	241,665	-	241,665
Purchased Property Services	213,130	-	213,130
Other Operating Costs	48,185	-	48,185
Supplies	83,219	-	83,219
Total Proprietary Fund Function - Water	1,034,532	-	1,034,532
Proprietary Fund Function - Golf			
Personnel Services - Salaries and Wages	-	396,517	396,517
Personnel Services - Employee Benefits	-	76,617	76,617
Purchased Property Services	-	100,577	100,577
Other Operating Costs	-	229,567	229,567
Supplies	-	51,015	51,015
Total Proprietary Fund Function - Golf	-	854,293	854,293
Proprietary Fund Function - Tennis			
Purchased Property Services	-	3,598	3,598
Proprietary Fund Function - Swimming			
Purchased Property Services	-	337	337
Depreciation	248,946	111,049	359,995
Total Operating Expenses	1,283,478	969,277	2,252,755
Operating Income (Loss)	254,631	(46,468)	208,163
NONOPERATING REVENUES (EXPENSES):			
Grants (Not Capital Grants)	2,724	-	2,724
Investment Earnings	4,709	772	5,481
Interest Expense - Non-Operating	-	(3,934)	(3,934)
Total Nonoperating Revenue (Expenses)	7,433	(3,162)	4,271
Income (Loss) Before Contributions & Transfers	262,064	(49,630)	212,434
Capital Contributions	11,622	-	11,622
Non-Operating Transfers In	-	140,000	140,000
Transfers Out (Use)	(242,042)	-	(242,042)

The notes to the financial statements are an integral part of this statement.

CITY OF MEADOWLAKES, TEXAS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT D-2

	Business-Type Activities - Enterprise Funds		
	Major Fund Public Works Fund	Major Fund Recreation Fund	Total Enterprise Funds
Change in Net Position	31,644	90,370	122,014
Total Net Position - October 1 (Beginning)	4,334,048	336,090	4,670,138
Prior Period Adjustment	-	45,494	45,494
Total Net Position - September 30 (Ending)	<u>\$ 4,365,692</u>	<u>\$ 471,954</u>	<u>\$ 4,837,646</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MEADOWLAKES, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT D-3 (Cont'd)

	Business-Type Activities		
	Major Fund Public Works Fund	Major Fund Recreation Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 1,485,029	\$ 904,172	\$ 2,389,201
Cash Received from Assessments - Other	39,321	44,082	83,403
Cash Payments to Employees for Services	(440,680)	(492,871)	(933,551)
Cash Payments for Suppliers	(83,219)	(51,015)	(134,234)
Cash Payments for Other Operating Expenses	(520,982)	(260,181)	(781,163)
Net Cash Provided by Operating Activities	<u>479,469</u>	<u>144,187</u>	<u>623,656</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Operating Transfer Out	(242,042)	140,000	(102,042)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	(156,336)	(214,710)	(371,046)
Capital Contributed by Other Funds	11,622	-	11,622
Financing Purchase Payments	-	(39,444)	(39,444)
Financing Purchase Interest	-	(3,934)	(3,934)
Unearned Capital Grant Revenue	199,785	-	199,785
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>55,071</u>	<u>(258,088)</u>	<u>(203,017)</u>
<u>Cash Flows from Investing Activities:</u>			
Grants Non-Capital	2,724	-	2,724
Interest and Dividends on Investments	4,709	772	5,481
Net Cash Provided by Investing Activities	<u>7,433</u>	<u>772</u>	<u>8,205</u>
Net Increase in Cash and Cash Equivalents	299,931	26,871	326,802
Cash and Cash Equivalents at Beginning of Year	<u>966,378</u>	<u>253,542</u>	<u>1,219,920</u>
Prior Period Adjustment	-	45,494	45,494
Cash and Cash Equivalents at End of Year	<u>\$ 1,266,309</u>	<u>\$ 325,907</u>	<u>\$ 1,592,216</u>

CITY OF MEADOWLAKES, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT D-3

	Business-Type Activities		
	Major Fund Public Works Fund	Major Fund Recreation Fund	Total Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash			
Provided by Operating Activities:			
Operating Income (Loss)	\$ 254,631	\$ (46,468)	\$ 208,163
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	248,946	111,049	359,995
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (Increase) in Receivables	(13,759)	(318)	(14,077)
Decrease (Increase) in Due From Other Funds	(17,778)	-	(17,778)
Decrease (Increase) in Prepaid Expenses	(1,623)	5,327	3,704
Increase (Decrease) in Accounts Payable	669	59,055	59,724
Increase (Decrease) in Compensated Absences	3,279	(194)	3,085
Increase (Decrease) in Due To Other Funds	259	52,202	52,461
Increase (Decrease) in Deferred Inflow	(16,328)	(17,464)	(33,792)
(Increase) Decrease in Net Pension Asset	40,192	37,680	77,872
(Increase) Decrease in Deferred Outflow	(17,847)	(20,126)	(37,973)
(Increase) Decrease in Pension/OPEB Liability	(1,643)	(426)	(2,069)
Increase (Decrease) in Intergovernmental	129	-	129
Increase (Decrease) in Other Current Liabilities	342	316	658
Increase (Decrease) in Unearned Revenue	-	1,028	1,028
(Increase) Decrease in Inventories	-	(44,030)	(44,030)
Increase (Decrease) in Lease Receivable	-	6,556	6,556
Net Cash Provided by Operating Activities	\$ 479,469	\$ 144,187	\$ 623,656

CITY OF MEADOWLAKES, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Meadowlakes, Texas conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

- A. Reporting Entity - The Mayor and City Council is the level of government which has governance responsibilities over all activities within the jurisdiction of the City of Meadowlakes. The City is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since the Mayor and Aldermen are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

On March 1, 2007, the Meadowlakes Municipal Utility District was annexed into the City. The City has assumed all the assets, liabilities and debt obligations of the District as of that date and the District was abolished.

Hidden Falls Golf Club – Public Facilities Corporation - On October 1, 2009 the City established The Meadowlakes Public Facility Corporation (the Corporation) under the Public Facility Corporation Act Chapter 303 (the Act) of the Texas Local Government Code. The Corporation is legally separate from the City, but the City appoints all of the board members and has the ability to remove those board members at will. Since the Corporation is financially accountable to the City, it is treated as a component unit of the City and is reported as part of the overall financial reporting entity of the City.

The Corporation leased the restaurant from the City in June of 2021(see note O).

- B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Meadowlakes nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, sales tax, franchise tax, municipal court fines, charges for services and other miscellaneous revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and proprietary. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use 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 the 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the "susceptible to accrual" concept; that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

D. Fund Accounting

The City reports the following major governmental funds:

1. **The General Fund** - The general fund is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **The Debt Service Fund** - The City accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Proprietary Fund:

1. **Public Works Fund** - The City accounts for the sales and related costs of its water, sewer utility operations, and sanitation in the Public Works Fund.
2. **Recreation Fund** - The City accounts for golf course related assets and operations not accounted for in the General Fund in the Recreation Fund.

E. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position

1. In the government-wide financial statements 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. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized 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.

2. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

Buildings, furniture and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Water & Sewer Plant & Facilities	30-50
Buildings and Improvements	30
Furniture	7-10
Machinery and Equipment	5-7
Automotive Equipment	3-5

Pursuant to GASB Statement Number 34, an extended period of deferral is available before the requirement to record and depreciate infrastructure assets (e.g., roads, bridges, and similar items) acquired before the implementation date becomes effective. Therefore, infrastructure assets acquired prior to October 1, 2001 have not yet been capitalized.

3. Vacation leave and sick leave is earned by each full-time employee. Vacation leave is earned at the rate of 10 days per year for employees with less than ten years of service, 15 days per year from ten to fifteen years of service and 20 days after fifteen years of service. Vacation leave must be taken within one year after it is earned. Sick leave is earned at a rate of 12 days per year but is not paid upon termination.
4. Beginning with fiscal year end September 30, 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

5. Implementation of GASB Accounting Standard:

The City has implemented GASB Statement NO. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position* as well as GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under GASB 63 and 65, amounts previously reported as deferred charges as a part of total assets and deferred amounts from refunded debt have been reported in a separate section as deferred outflows of resources and amounts previously reported as deferred revenue as a part of total liabilities have been reported in a separate section as deferred inflows of resources.

6. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
7. The original budget is adopted by the City Council prior to the beginning of the fiscal year through passage of an ordinance. The budget includes proposed expenditures and the means of financing them.

Budgeted amounts for expenditures from the various funds may not exceed the beginning balances of those funds plus the anticipated revenues for the fiscal year. The final amended budget has been presented in this report. Unencumbered appropriations lapse at the end of each year.

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

OPEB expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) Supplemental Death Benefits Fund (SDBF) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For purposes of calculating the total OPEB liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.

10. The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
11. Implementation of GASB Statement No. 87. As of October 1, 2021, the City adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

NOTE II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2023, the carrying amount of the City's deposits was \$1,273,084 and the bank balance was \$1,293,207. The City's cash deposits held at September 30, 2023 and during the year ended September 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the City's agent bank in the City's name.

Custodial Credit Risk - Investments: 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 investments (certificates of deposit) were secured by FDIC insurance and pledged securities.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the City was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

The City's temporary investments at year end are shown below:

<u>Investment</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
First United Bank:				
Certificates of Deposit	\$ 700,000	\$ 700,000	\$ -	\$ 700,000
Total	\$ 700,000	\$ 700,000	\$ -	\$ 700,000

B. Property Taxes

Property taxes are levied by October 1 and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The City contracted with the Burnet County Appraisal District for the appraisal and collection of taxes. For the 2022 tax roll, the assessed valuation was \$369,707,472. The tax rate was \$.1365 for maintenance and operations and \$.1031 for interest and sinking. The total tax rate was \$.2396 per \$100 valuation.

C. Lease Receivable

In June 2021 the City entered into a Restaurant Lease Agreement with the Meadowlakes Public Facility Corporation. The lease term is 72 months and the monthly rent schedule is as follows: months 13-24 \$1,000, months 25-36 \$3,000, months 37-48 \$3,500, months 48-60 \$4,000 and months 61-72 to be determined, however it shall not be less than \$2,000 per month. The lease has an interest rate of 2.64%. The value of the lease receivable at year end was \$16,583 and the deferred inflow of resources related to the lease were \$19,207 at September 30, 2023.

D. Land, Structures and Equipment-Enterprise Funds

A summary of changes in fixed assets for the enterprise funds appears below:

	<u>Balance 10/1/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 09/30/2023</u>
Land	\$ 42,334	\$ -	\$ -	\$ 42,334
Infrastructure	6,729,303	-	-	6,729,303
Buildings	422,259	-	-	422,259
Improvements	552,719	-	-	552,719
Machinery and Equipment	1,461,705	348,424	-	1,810,129
Construction in Progress	49,951	22,622	-	72,573
Totals	\$ 9,258,271	\$ 371,046	\$ -	\$ 9,629,317
Accumulated Depreciation	(5,200,686)	(359,995)	-	(5,560,681)
Fixed Assets, Net	\$ 4,057,585	\$ 11,051	\$ -	\$ 4,068,636

E. Capital Asset Activity

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

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental Activities:				
Land	\$ 1,861,410	\$	\$	\$ 1,861,410
Buildings	1,209,508			1,209,508
Improvements	220,950	8,121		229,071
Machinery and Equipment	179,358	7,200		186,558
Construction in Progress	-	-	-	-
Totals	<u>3,471,226</u>	<u>15,321</u>	<u>-</u>	<u>3,486,547</u>
Accumulated Depreciation	<u>(903,932)</u>	<u>(53,914)</u>		<u>(957,846)</u>
Capital Assets, Net	\$ <u>2,567,294</u>	\$ <u>(38,593)</u>	\$ <u>-</u>	\$ <u>2,528,701</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ <u>53,914</u>
	\$ <u>53,914</u>

F. Deferred Outflows and Inflows of Resources

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time.

Deferred outflows on the Statement of Net Position consists of the TMRS pension deferred outflow of \$92,197 (see note K) and the TMRS OPEB deferred outflow of \$7,207 (see note L).

Deferred inflows on the Statement of Net Position consists of the TMRS pension deferred inflow of \$22,920 (see note K), the TMRS OPEB deferred inflow of \$32,361 (see note L), and the deferred inflow of \$19,207 related to the lease receivable.

Deferred inflows on the Balance Sheet – Governmental Funds consist of:

	General Fund	Debt Service Fund	Total
Delinquent Property Tax	<u>13,164</u>	<u>9,930</u>	<u>23,094</u>
Deferred Inflows - Exhibit C-1	<u>13,164</u>	<u>9,930</u>	<u>23,094</u>

G. Changes in Long-Term Liabilities

A summary of changes in long-term debt for the year ended September 30, 2023 follows:

Description	Interest Rate	Amounts Original Issue	Interest Paid	Amounts Outstanding 10/1/22	Additions	Deletions	Amounts Outstanding 9/30/23	Due In One Year
Governmental Activities:								
<u>Bonds Payable</u>								
General Obligation								
Refunding Bond - Series 2013	2.05%	\$ 3,340,000	\$ 17,118	\$ 420,000	\$ -	\$ (420,000)	\$ -	-
Net Pension Liability	N/A	N/A	N/A	-	588	-	588	N/A
Net OPEB Liability	N/A	N/A	N/A	13,840	-	(2,339)	11,501	N/A
Compensated Absences	N/A	N/A	N/A	26,388	2,789	-	29,187	N/A
Total		\$ 3,340,000	\$ 17,118	\$ 460,228	\$ 3,387	\$ (422,339)	\$ 41,276	\$ -
Description	Interest Rate	Amounts Original Issue	Interest Paid	Amounts Outstanding 10/1/21	Additions	Deletions	Amounts Outstanding 9/30/22	Due In One Year
Business-Type Activities:								
<u>Other Long-Term Debt</u>								
Finance Purchase Agreements:								
First Security State Bank	3.97%	\$ 197,001	\$ 758	\$ -	\$ -	\$ -	\$ -	-
Citizens First Bank	2.64%	198,456	9,124	164,169	-	(39,444)	124,755	40,496
Net Pension Liability	N/A	N/A	N/A	-	998	-	998	N/A
Net OPEB Liability	N/A	N/A	N/A	22,581	-	(3,067)	19,514	N/A
Compensated Absences	N/A	N/A	N/A	25,715	3,085	-	28,800	N/A
Total		\$ 395,457	\$ 9,882	\$ 212,495	\$ 4,083	\$ (42,511)	\$ 174,067	\$ 40,496

H. Revenue Bonds and Certificates of Obligation

The City issued \$3,340,000 General Obligation Refunding Bonds, Series 2013 for the purpose of providing funds to refund part of the outstanding Combination Tax & Revenue Certificates of Obligation Bonds, Series 2008. The refunded bonds consist of \$2,940,000 of Series 2008 bonds. These bonds were called and were redeemed on July 18, 2013 by depositing \$2,915,665 into an escrow account. The portions of the Series 2008 bonds have been defeased and have been removed as a liability of the City. The General Obligation Refunding Bonds, Series 2013 mature on September 1, in each year of the years 2013 through 2023, bearing interest at 2.050%. The financial gain on these refunding bonds was \$179,029 and the economic gain was \$163,435.

I. Finance Purchase Agreements

On October 16, 2020 the City entered into a finance purchase agreement in the amount of \$198,456 with Government Capital Corporation for the purchase of golf maintenance equipment. The finance purchase agreement is payable in (20) quarterly payments in the amount of \$10,848 (including interest at 2.64%). Government Capital Corporation sold the capital lease to Citizens 1st Bank.

On February 20, 2018 the City entered into a finance purchase agreement in the amount of \$197,001 with Government Capital Corporation for the purchase of a fleet of golf carts. The finance purchase agreement is payable in (16) quarterly payments in the amount of \$13,443 (including interest at 3.97%). Government Capital Corporation sold the finance purchase agreement to First Security State Bank.

A schedule of changes in finance purchase agreements payable is as follows:

<u>Finance Purchase Agreement</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Citizens First Bank	2.64%	\$ 164,199	\$ -	\$ (39,444)	\$ 124,755	\$ 40,496
		\$ 164,199	\$ -	\$ (39,444)	\$ 124,755	\$ 40,496

Finance purchase agreement payable requirements are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 40,496	\$ 2,895	\$ 43,391
2025	41,576	1,816	43,391
2026	42,883	707	43,390
	\$ 124,755	\$ 5,417	\$ 130,172

J. Unearned Revenue

Unspent Coronavirus Local Fiscal Recovery Funds (federal grant) in the amount of \$411,192 are classified as unearned revenue in the Public Works Fund. The funds will be utilized for improvements to the utility system assets.

K. Retirement Plan

The City joined the Texas Municipal Retirement System on March 1, 2007 upon the annexation of the Meadowlakes Municipal Utility District.

Plan Description

The City of Meadowlakes, Texas participates as one of 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8 Subtitle G (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 the System with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at www.tmrs.com.

All eligible employees of the city 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. The retiring Member may select one of seven monthly benefit 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. If an individual has become vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well. Plan provisions for the City were as follows:

	Plan Year 2022	Plan Year 2023
Deposit Rate:	7%	7%
Matching Ratio (City to Employee):	1 to1	1 to1
Years required for vesting	5 yrs	5 yrs
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	0%	0%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

Employees covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	13
Active employees	21
	37

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of 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 (EAN) 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 of Meadowlakes, Texas were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City of Meadowlakes, Texas were 2.49% and 2.21% in calendar years 2022 and 2023, respectively. The city's contributions to TMRS for the year ended September 30, 2023, were \$17,054, and were equal to the required contributions.

Net Pension Asset

The city's Net Pension Asset (NPA) was measured as of December 31, 2022, and the Total Pension Asset (TPA) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation 2.5% 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 actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate 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.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35.0%	7.70%
Core fixed income	6.0%	4.90%
Non-core fixed income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private equity	10.0%	11.80%
Total	100.0%	

Discount Rate

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

	Increase/(Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2021	\$ 859,626	\$ 985,225	\$ (125,599)
Changes for the year:			
Service cost	83,259		83,259
Interest	60,496		60,496
Changes of Benefit Terms			-
Difference between Expected and Actual Experience	(2,763)		-
Changes in Assumptions			-
Contributions - Employer		22,173	(22,173)
Contributions - Employee		62,333	(62,333)
Net investment income		(70,819)	70,819
Benefit Payments, Including Refunds of Employee Contributions	(10,028)	(10,028)	-
Administrative Expense		(622)	622
Other Changes		743	(743)
			-
Net Changes	130,964	3,779	129,947
Balances as of December 31, 2022	\$ 990,590	\$ 989,004	\$ 1,586

Sensitivity of the Net Pension Liability to changes in the discount rate

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 118,559	\$ 1,586	\$ (96,546)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com

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

For the year ended September 30, 2023, the City recognized pension expense of \$26,007.

At September 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 22,215	\$ 8,173
Changes of assumptions	703	-
Net difference between projected and actual earnings	-	66,969
Contributions made subsequent to measurement date	-	17,054
Total	<u>\$ 22,918</u>	<u>\$ 92,196</u>

\$17,054 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2023	\$ 492
2024	9,839
2025	14,431
2026	27,462
2027	-
Thereafter	-
Total	<u>\$ 52,224</u>

L. Defined Other Post-Employment Benefit Plan

The City participates as one of 800 cities in the Texas Municipal Retirement System ("TMRS") optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This voluntary program allows participating cities to provide supplemental death benefits for their active Members, with optional coverage for their retirees. A city may terminate coverage in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefit. Benefits payable from the SDBF become due after the death of a covered active Member or retiree and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active Members provides a lump-sum payment approximately equal to the Member's annual salary (calculated based on the Member's actual earning for the 12-month period preceding the month of death). The death benefit for retirees is an "other post-employment benefit" and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of the Pension Trust Fund.

Contributions. Contributions to the SDBF are made monthly based on the payroll of covered Members of the cities participating in the SDBF. The required contribution rate is actuarially determined annually for each city participating in the SDBF. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the city's contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires allocation from the Interest Reserve Account to the SDBF on an annual basis. The funding policy of this supplemental death benefit plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

All eligible employees of the city are required to participate in the SDBF.

The City's contributions to the TMRS SDBF for the year ended 2023, 2022 and 2021 were \$4,800, \$2,031 and \$1,925 respectively, which equaled the required contributions each year.

Employees covered by benefit terms.

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

Inactive employees currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	1
Active employees	21
Total	25

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

The TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB No. 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate 2.00% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2020. At transition, GASB No. 75 also requires that the Total OPEB Liability (TOL) as of the prior fiscal year end be estimated based on the 20 Year Bond GO Index.

Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Discount rate*	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust 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 was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Changes in the City's Total OPEB Liability:

Covered Payroll	\$	890,467
Total OPEB Liability - beginning of year	\$	36,421
Changes for the year		
Service Cost		14,693
Interest on Total OPEB Liability		805
Changes of benefit terms		
Differences between expected and actual experience		(5,770)
Changes in assumptions or other inputs		(15,045)
Benefit Payments **		(89)
Net changes		<u>(5,406)</u>
Total OPEB Liability - end of year	\$	<u>31,015</u>
 Total OPEB Liability as a Percentage of Covered Payroll		 3.48%

** 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.

Sensitivity of the Total OPEB Liability to changes in the discount rate

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 4.05%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

1% Decrease 3.05%	Current Discount Rate		1% Increase 5.05%
	4.05%		
\$ 36,905	\$ 31,015		\$ 26,294

OPEB Expense and Deferred Outflows of Resources

For the year ended September 30, 2023, the City recognized OPEB expense of \$14,813.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 19,456	\$ 1,044
Changes in assumptions and other inputs	12,906	6,086
Contributions made subsequent to measurement date	-	77
Total (excluding contributions made subsequent to measurement date)	\$ 32,362	\$ 7,207

\$77 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 Total OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		
2023	\$	(5,389)
2024		(5,582)
2025		(5,153)
2026		(5,443)
2027		(3,430)
Thereafter		<u>(235)</u>
Total	\$	<u>(25,232)</u>

M. Interfund Receivables, Payables and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Recreation Fund	\$ 152,423
General Fund	Utility Fund	704
Utility Fund	Recreation Fund	<u>4,256</u>
Total		<u>\$ 157,383</u>

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund	\$ 215,158	\$ 140,000
Debt Service Fund	27,042	158
Enterprise Funds:		
Utility Fund		242,042
Recreation Fund	<u>140,000</u>	
Totals	<u>\$ 382,199</u>	<u>\$ 382,199</u>

N. Employee Insurance Benefits

All regular full time employees of the City are eligible for coverage under the group hospitalization, medical and life insurance program provided by the City through the TML Intergovernmental Benefits Pool. The City pays the premium for eligible employees and employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

O. Cash Flows Statement - Supplemental Disclosures

Since the City is tax exempt no income tax was paid in 2022 and 2023. The City paid interest in the amount of \$9,882 in 2022 and \$3,934 in 2023.

P. Contingencies and Contracts

On September 30, 2019 the City entered into a contract with the Meadowlakes Property Owners' Association, Inc. (POA) to provide services to the POA. The term of the contract is for three (3) years beginning October 1, 2019 and ending September 30, 2023. The contract states the cost for services will be \$104,130 paid monthly for the first twelve (12) months and adjusted in the following (2) years by amounts equal to the changes in the Consumer Price Index. The POA paid the City \$110,350 for the year ended September 30, 2023.

On June 11, 2021 the City entered into a lease agreement with the Meadowlakes Public Facility Corporation to lease the restaurant building, restaurant equipment, restaurant furniture and the surrounding grounds and buildings located at 220 Meadowlakes Drive (owned by the City) to the Meadowlakes Public Facility Corporation. The term of the lease is 60 months beginning June 13, 2021. The lease document states no rent is due for the first twelve months. After the first twelve months rent is due monthly according to the following schedule: months 12-24 \$2,000, months 25-36 \$3,000, months 37-48 \$3,500 and months 48-60 \$4,000.

May 18, 2022 an addendum was entered into amending the Restaurant Lease Agreement. The lease term was extended to 72 months and the monthly rent schedule was amended as follows: months 13-24 \$1,000, months 25-36 \$3,000, months 37-48 \$3,500, months 48-60 \$4,000 and months 61-72 to be determined, however it shall not be less than \$2,000 per month.

Q. Risk Management

The City's risk management program includes coverage for property, general liability, automobile liability, public officials' liability and employee dishonesty bonds. The City participates in the Texas Municipal League joint self-insurance fund, which is a public entity risk pool. The premiums paid to TML result in the transfer of risk to the pool.

R. Prior Period Adjustment

A prior period adjustment was necessary in the Recreation Fund to correct payables from previous years.

	Recreation Fund
Net Position as previously reported	\$ 336,090
Accounts Payable Correction	45,494
Net Position at October 1, 2022, restated	<u>\$ 381,584</u>

S. Subsequent Event

The City has evaluated subsequent events through March 18, 2024, the date which the financial statements were available to be issued. The City intends to issue \$7.5 million in Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation Series 2024 during the summer of 2024. The debt issue will be used to construct a new restaurant, pool and other improvements. The City is not aware of any other subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MEADOWLAKES, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT G-1

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 498,000	\$ 505,900	\$ 502,326	\$ (3,574)
Franchise Tax	55,200	61,700	61,673	(27)
Other Taxes	3,500	2,500	2,489	(11)
Licenses and Permits	10,200	4,050	3,575	(475)
Fines	5,000	1,225	1,286	61
Investment Earnings	3,000	2,200	2,165	(35)
Other Revenue	113,350	120,450	121,184	734
Total Revenues	<u>688,250</u>	<u>698,025</u>	<u>694,698</u>	<u>(3,327)</u>
EXPENDITURES:				
Current:				
General Government	526,050	576,900	499,735	77,165
BCAD	14,200	12,350	12,336	14
Flood Plain Administrator	-	5,000	5,000	-
Ordinance Enforcement/Public Safety	125,250	126,825	125,271	1,554
Traffic Control	47,900	28,575	27,735	840
Municipal Court	13,300	7,500	6,586	914
Animal Control	550	550	512	38
Capital Outlay:				
Capital Outlay	36,000	15,325	15,321	4
Total Expenditures	<u>763,250</u>	<u>773,025</u>	<u>692,496</u>	<u>80,529</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(75,000)</u>	<u>(75,000)</u>	<u>2,202</u>	<u>77,202</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	215,000	215,000	215,158	158
Transfers Out (Use)	(140,000)	(140,000)	(140,000)	-
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>75,158</u>	<u>158</u>
Net Change	-	-	77,360	77,360
Fund Balance - October 1 (Beginning)	<u>382,922</u>	<u>382,922</u>	<u>382,922</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 382,922</u>	<u>\$ 382,922</u>	<u>\$ 460,282</u>	<u>\$ 77,360</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MEADOWLAKES, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
A. Total Pension Liability			
Service Cost	\$ 83,259	\$ 83,179	\$ 83,000
Interest (on the Total Pension Liability)	60,496	55,323	48,334
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(2,763)	(30,735)	24,517
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(10,028)	(52,299)	(52,494)
Net Change in Total Pension Liability	<u>\$ 130,964</u>	<u>\$ 55,468</u>	<u>\$ 103,357</u>
Total Pension Liability - Beginning	859,626	804,158	700,801
Total Pension Liability - Ending	<u>\$ 990,590</u>	<u>\$ 859,626</u>	<u>\$ 804,158</u>
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 22,173	\$ 21,036	\$ 20,815
Contributions - Employee	62,333	61,355	61,222
Net Investment Income	(70,819)	108,561	56,807
Benefit Payments, Including Refunds of Employee Contributions	(10,028)	(52,299)	(52,494)
Administrative Expense	(622)	(511)	(374)
Other	743	4	(15)
Net Change in Plan Fiduciary Net Position	<u>\$ 3,780</u>	<u>\$ 138,146</u>	<u>\$ 85,961</u>
Plan Fiduciary Net Position - Beginning	985,225	847,081	761,118
Plan Fiduciary Net Position - Ending	<u>\$ 989,005</u>	<u>\$ 985,227</u>	<u>\$ 847,079</u>
C. Net Pension Liability (Asset)	<u>\$ 1,585</u>	<u>\$ (125,601)</u>	<u>\$ (42,921)</u>
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.84%	114.61%	105.34%
E. Covered Payroll	\$ 890,467	\$ 876,493	\$ 874,601
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	0.18%	(14.33%)	(4.91%)

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$	86,804	\$ 71,514	\$ 72,461	\$ 73,961	\$ 48,690	\$ 40,640
	42,874	36,787	32,346	29,666	24,109	22,277
	-	-	-	-	-	-
	(14,900)	(2,873)	(5,442)	(33,198)	22,217	(26,644)
	(2,803)	-	-	-	15,757	-
	(5,891)	(39,905)	(26,289)	(33,655)	(22,995)	(5,259)
\$	106,084	\$ 65,523	\$ 73,076	\$ 36,774	\$ 87,778	\$ 31,014
	594,717	529,194	456,118	419,344	331,566	300,552
\$	700,801	\$ 594,717	\$ 529,194	\$ 456,118	\$ 419,344	\$ 331,566
\$	22,090	\$ 17,615	\$ 17,576	\$ 10,383	\$ 8,033	\$ 5,271
	64,163	52,695	53,961	55,910	38,512	32,651
	89,371	(16,897)	63,291	27,644	571	19,188
	(5,891)	(39,905)	(26,289)	(33,655)	(22,995)	(5,259)
	(517)	(335)	(338)	(313)	(348)	(200)
	(16)	(18)	(17)	(17)	(17)	(16)
\$	169,200	\$ 13,155	\$ 108,183	\$ 59,952	\$ 23,755	\$ 51,635
	591,918	578,764	470,581	410,629	386,874	335,239
\$	761,118	\$ 591,919	\$ 578,764	\$ 470,581	\$ 410,629	\$ 386,874
\$	(60,317)	\$ 2,798	\$ (49,570)	\$ (14,463)	\$ 8,715	\$ (55,308)
	108.61%	99.53%	109.37%	103.17%	97.92%	116.68%
\$	916,621	\$ 752,781	\$ 770,865	\$ 798,720	\$ 550,170	\$ 466,448
	(6.58%)	0.37%	(6.43%)	(1.81%)	1.58%	(11.86%)

CITY OF MEADOWLAKES, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2023

	2023	2022	2021
Actuarially Determined Contribution	\$ 22,818	\$ 21,316	\$ 21,195
Contributions in Relation to the Actuarially Determined Contributions	22,818	21,316	21,195
Contribution Deficiency (Excess)	\$ -	\$ -	-
Covered Payroll	\$ 1,003,147	\$ 863,467	884,897
Contributions as a Percentage of Covered Payroll	2.27%	2.47%	2.39%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

2020	2019	2018	2017	2016	2015
21,132 \$	21,705 \$	17,521 \$	14,942 \$	11,087 \$	6,391
21,132	21,705	17,521	14,942	11,087	6,391
- \$	- \$	- \$	- \$	- \$	-
885,104 \$	906,812 \$	754,262 \$	743,196 \$	826,357 \$	466,573
2.39%	2.39%	2.30%	2.01%	1.35%	1.37%

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**CITY OF MEADOWLAKES, TEXAS
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2023**

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method Remaining Amortization Period	Level Percentage of Payroll, Closed N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based tables 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 2014-2018
Mortality	<p>Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.</p> <p>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.</p>

Other Information:

Notes There were no benefit changes during the year.

CITY OF MEADOWLAKES, TEXAS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
Total OPEB Liability			
Service Cost	\$ 14,693	\$ 14,462	\$ 11,720
Interest on the Total OPEB Liability	805	886	864
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(5,770)	(17,005)	(5,976)
Changes of Assumptions	(15,045)	1,070	4,975
Benefit Payments*	(89)	(88)	(86)
Net Change in Total OPEB Liability	(5,406)	(675)	11,497
Total OPEB Liability - Beginning	36,421	37,096	25,600
Total OPEB Liability - Ending	\$ 31,015	\$ 36,421	\$ 37,097
Covered Payroll	\$ 890,467	\$ 876,493	\$ 874,601
Total OPEB Liability as a Percentage of Covered Payroll	3.48%	4.16%	4.24%

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
\$	2,567	\$ 2,334	\$ 2,158
	569	510	427
	-	-	-
	2,352	(1,807)	-
	6,112	(1,195)	1,437
	(92)	-	-
	<u>11,508</u>	<u>(158)</u>	<u>4,022</u>
	14,092	14,250	10,228
\$	<u>25,600</u>	<u>14,092</u>	<u>18,272</u>
\$	916,621	\$ 752,781	\$ 770,865
	2.79%	1.87%	1.85%

CITY OF MEADOWLAKES, TEXAS
 NOTES TO THE SCHEDULE OF CHANGES IN THE
 TOTAL OPEB LIABILITY AND RELATED RATIOS
 SEPTEMBER 30, 2023

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31,
 And become effective in January 13 months later.

Methods and assumptions used to determine contribution rates:

Inflation	2.5%
Salary increases	Salary increases are assumed to occur once a year, on January 1. Therefore, the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. Salaries are assumed to increase by 3.50% to 11.5% including inflation
Actuarial Cost Method:	Entry Age Normal
Valuation of Assets:	For purposes of calculating the Total OPEB Liability, The plan is considered to be unfunded and therefore no assets are accumulated for OPEB.
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust 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.
Discount Rate	Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date. Discount rate is 4.05%.
Supplemental Death Benefit	The contribution rate for the Supplemental Death Benefit (SDB) is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members and is calculated separately for actives and retirees. Due to the significant reserve in the Supplemental Death Fund, the SDB rate for retiree coverage is currently only one-third of the total term cost. Beginning January 2021, the SDB rate for retirees will be based on the full term cost.

Other Information:

Notes There were no benefit changes during the year

Financial Advisory Services
Provided By:

