

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 5, 2023

NEW ISSUES – Book-Entry-Only

**Ratings: S&P: “___” (stable outlook)
Fitch: “AA+” (stable outlook)**

(See “OTHER RELEVANT INFORMATION – Ratings” in this document)

In the opinion of Bond Counsel to the City, interest on the Bonds, the Certificates and the Contractual Obligations (each as defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” in this document, including the alternative minimum tax on certain corporations.

CITY OF AUSTIN, TEXAS

\$220,840,000*
**PUBLIC IMPROVEMENT AND REFUNDING BONDS,
SERIES 2023**

\$25,570,000*
**CERTIFICATES OF OBLIGATION,
SERIES 2023**

\$8,745,000*
**PUBLIC PROPERTY FINANCE
CONTRACTUAL OBLIGATIONS, SERIES 2023**

Dated Date: October 10, 2023

Due: As shown on pages ii and iii

Interest on the \$220,840,000* City of Austin, Texas Public Improvement and Refunding Bonds, Series 2023 (the “Bonds”), the \$25,570,000* City of Austin, Texas Certificates of Obligation, Series 2023 (the “Certificates”), and the \$8,745,000* City of Austin, Texas Public Property Finance Contractual Obligations, Series 2023 (the “Contractual Obligations”) will accrue from the dated date shown above, and in the case of the Bonds and Certificates will be payable March 1, 2024 and each September 1 and March 1 thereafter until maturity or redemption prior to maturity, and in the case of the Contractual Obligations, will be payable May 1, 2024, and each November 1 and May 1 thereafter until maturity, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds, the Certificates and the Contractual Obligations are collectively referred to in this document as the “Obligations.”

The initial Paying Agent/Registrar for the Obligations is U.S. Bank Trust Company, National Association, Dallas, Texas. See “OBLIGATION INFORMATION – Paying Agent/Registrar” in this document. Each issue of the Obligations will be offered separately by the City of Austin, Texas (the “City”), and delivery of any one issue is not contingent upon the delivery of any other issue. The City intends to utilize the book-entry-only system of The Depository Trust Company, New York, New York (“DTC”), but reserves the right on its behalf or on behalf of DTC to discontinue such system. The book-entry-only system will affect the method and timing of payment and the method of transfer of the Obligations. See “OBLIGATION INFORMATION – Book-Entry-Only System” in this document.

In each Ordinance (as defined in this document), the City Council delegated to the Interim City Manager and the Chief Financial Officer, acting individually but not jointly, to effect the sale of each series of the Obligations authorized therein, subject to the terms of each Ordinance. The Bonds and the Contractual Obligations are direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City, as provided in the respective Ordinance authorizing the issuance of the Bonds and the Contractual Obligations. The Certificates are direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and are additionally payable from and secured by a limited pledge of the surplus revenues (not to exceed \$1,000) of the City’s solid waste disposal system, as provided in the Ordinance authorizing the issuance of the Certificates. See “OBLIGATION INFORMATION – Security” in this document.

Proceeds from the sale of the Bonds will be used to finance various capital improvements (see “DEBT INFORMATION – Authorized General Obligation Bonds” in this document) and to pay costs of issuing the Bonds. Proceeds from the sale of the Bonds will additionally be used to refund for savings portions of the City’s outstanding general obligation debt shown in APPENDIX D of this document (the “Refunded Obligations”) and to pay the costs of refunding the Refunded Obligations. See “OBLIGATION INFORMATION – Refunded Obligations” in this document. Proceeds from the sale of the Certificates will be used to finance various capital improvements and to pay the costs of issuing the Certificates. Proceeds from the sale of the Contractual Obligations will be used to purchase certain equipment and other personal property for use by various City departments and to pay the costs of issuing the Contractual Obligations. See “OBLIGATION INFORMATION – Authority and Purpose for Issuance” in this document.

See “MATURITY SCHEDULES” on pages ii and iii

The Bonds and the Certificates are subject to redemption prior to their stated maturities as described in “OBLIGATION INFORMATION – Optional Redemption of the Bonds and the Certificates” in this document. The Contractual Obligations are **not** subject to redemption prior to their stated maturities. See “OBLIGATION INFORMATION – No Redemption of the Contractual Obligations Prior to Maturity” in this document.)

The Obligations are offered for delivery when, as and if issued, subject to the approving opinions of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Bond Counsel. See “APPENDIX C – FORMS OF BOND COUNSEL’S OPINIONS” in this document. Certain legal matters will be passed upon for the City by Bracewell LLP, as disclosure counsel to the City, and for the underwriters listed below (the “Underwriters”) by their counsel, Orrick, Herrington & Sutcliffe LLP.

It is expected that the Obligations will be delivered through the facilities of DTC on or about October 10, 2023.

RBC CAPITAL MARKETS, LLC

MESIROW FINANCIAL, INC.

PIPER SANDLER & CO.

RICE FINANCIAL PRODUCTS COMPANY

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULES

CITY OF AUSTIN, TEXAS

\$220,840,000*

PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2023

Base CUSIP No. 052397 (1)

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix</u>	<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix</u>
2024	\$				2034	\$			(2)
2025					2035				(2)
2026					2036				(2)
2027					2037				(2)
2028					2038				(2)
2029					2039				(2)
2030					2040				(2)
2031					2041				(2)
2032					2042				(2)
2033					2043				(2)

\$ _____ % Term Bonds due September 1, 20__, CUSIP _____

(Interest to accrue from the Dated Date)

\$25,570,000*

CERTIFICATES OF OBLIGATION, SERIES 2023

Base CUSIP No. 052397 (1)

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix</u>	<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix</u>
2024	\$				2034	\$			(2)
2025					2035				(2)
2026					2036				(2)
2027					2037				(2)
2028					2038				(2)
2029					2039				(2)
2030					2040				(2)
2031					2041				(2)
2032					2042				(2)
2033					2043				(2)

\$ _____ % Term Certificates due September 1, 20__, CUSIP _____

(Interest to accrue from the Dated Date)

Redemption of the Bonds and the Certificates. The Bonds and the Certificates will be subject to redemption as described in “OBLIGATION INFORMATION – Optional Redemption of the Bonds and Certificates” and “OBLIGATION INFORMATION – Mandatory Sinking Fund Redemption of the Bonds and Certificates”.

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(2) Initial yield shown is the yield to the first optional redemption date of September 1, 203_ for the Bonds and Certificates.

* Preliminary, subject to change.

\$8,745,000*
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2023
 Base CUSIP No. 052397 (1)

<u>Maturity</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Yield</u>	<u>CUSIP</u> <u>Suffix</u>	<u>Maturity</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Yield</u>	<u>CUSIP</u> <u>Suffix</u>
2024	\$				2024	\$			
2025					2025				
2026					2026				
2027					2027				
2028					2028				
2029					2029				
2030					2030				
2031					2031				

(Interest to accrue from the Dated Date)

No Redemption of the Contractual Obligations Prior to Maturity. The Contractual Obligations are not subject to redemption prior to their stated maturities.

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* Preliminary, subject to change.

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

The Obligations are offered by the City under a common Official Statement. The Obligations are separate and distinct securities offerings being issued and sold independently, except for the common Official Statement. While the Obligations share certain common attributes, each issue is separate from the others and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the respective Obligations and other features.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than as contained in this document, 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 the solicitation of an offer to buy, nor shall there be any sale of, the Obligations, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is submitted in connection with the sale of securities referred to in this document and may not be reproduced or used for any other purpose. In no instance may this Official Statement be reproduced or used in part.

THE OBLIGATIONS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE ORDINANCES BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE ON EXEMPTIONS CONTAINED IN SUCH ACTS.

The information set forth in this document has been furnished by the City and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the City, the Financial Advisor or the Underwriters. The information and expressions of the opinions in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under the Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the other matters described since the date of this Official Statement. CUSIP numbers have been assigned to each series of Obligations for the convenience of the owners of the Obligations.

This Official Statement includes descriptions and summaries of certain events, matters, and documents. The descriptions and summaries do not purport to be complete and all such descriptions, summaries and references are qualified in their entirety by reference to this Official Statement in its entirety and to each document referred to in this Official Statement, copies of which may be obtained from the City or from PFM Financial Advisors LLC, the Financial Advisor to the City. Any statements made in this Official Statement, which includes the Appendices to this document, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

This Official Statement contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements. See “OTHER RELEVANT INFORMATION – Forward-Looking Statements” in this document.

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

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE OBLIGATIONS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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CITY OF AUSTIN

Elected Officials

	<u>Term Expires Jan. 6</u>
Kirk Watson	Mayor 2025
Natasha Harper-Madison	Councilmember District 1 2027
Vanessa Fuentes	Councilmember District 2 2025
José Velásquez.....	Councilmember District 3 2027
José “Chito” Vela	Councilmember District 4 2025
Ryan Alter	Councilmember District 5 2027
Mackenzie Kelly	Councilmember District 6 2025
Leslie Pool	Councilmember District 7 2025
Paige Ellis	Councilmember District 8 2027
Zohaib Qadri.....	Councilmember District 9 2027
Alison Alter	Councilmember District 10 2025

Appointed Officials

Jesús Garza ⁽¹⁾	Interim City Manager
Ed Van Eenoo	Chief Financial Officer
Diana Thomas	Deputy Chief Financial Officer
Kimberly Olivares.....	Deputy Chief Financial Officer
Anne Morgan	City Attorney
Myrna Rios.....	City Clerk

(1) Mr. Jesús Garza was appointed Interim City Manager on February 16, 2023. Mr. Jesús Garza previously served as City Manager from 1994 to 2002. The City has started the search process for a permanent City Manager.

BOND COUNSEL

McCall, Parkhurst & Horton L.L.P.
Austin and Dallas, Texas

DISCLOSURE COUNSEL FOR THE CITY

Bracewell LLP
Austin, Texas

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Austin, Texas

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Austin, Texas

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SELECTED DATA FROM THE OFFICIAL STATEMENT

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

- The Issuer** The City of Austin, Texas (the “City”), is a political subdivision located in Travis, Williamson, and Hays Counties, operating as a home-rule city under the laws of the State of Texas (the “State”) and a charter approved by the voters in 1953, as amended. The City operates under the Council/Manager form of government in which the mayor (elected at-large) and ten councilmembers (elected from ten single-member districts) are elected for staggered four-year terms. The City Council formulates operating policy for the City and the City Manager is the chief administrative officer.
- For further information about the City, see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY” in this document.
- The Bonds** The Bonds are issued in the principal amount of \$220,840,000* pursuant to the general laws of the State, particularly Chapter 1207, as amended, Texas Government Code (“Chapter 1207”), Chapter 1331, as amended, Texas Government Code (“Chapter 1331”), Chapter 1371, as amended, Texas Government Code (“Chapter 1371”), elections held within the City (see “DEBT INFORMATION – Authorized General Obligation Bonds” in this document), and an ordinance adopted by the City Council of the City (see “OBLIGATION INFORMATION – Authority and Purpose for Issuance” in this document)
- The Certificates** The Certificates are issued in the principal amount of \$25,570,000* pursuant to the general laws of the State, particularly subchapter C, Chapter 271, as amended, Texas Local Government Code (the “Certificate of Obligation Act”), Chapter 1371, and an ordinance adopted by the City Council of the City (see “OBLIGATION INFORMATION – Authority and Purpose for Issuance” in this document).
- The Contractual Obligations** The Contractual Obligations are issued in the principal amount of \$8,745,000* pursuant to the general laws of the State, particularly Subchapter A, Chapter 271, as amended, Texas Local Government Code (the “Public Property Finance Act”), Chapter 1371, an ordinance adopted by the City Council of the City (see “OBLIGATION INFORMATION – Authority and Purpose for Issuance” in this document).
- Paying Agent/Registrar** ... The initial Paying Agent/Registrar for each series of the Obligations is U.S. Bank Trust Company, National Association, Dallas, Texas.
- Security** Each series of the Obligations constitutes a direct obligation of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City in an amount sufficient to provide for payment of principal of and interest on all ad valorem tax debt. The Certificates are additionally secured by and payable from a limited pledge of the surplus revenues (not to exceed \$1,000) of the City’s solid waste disposal system (see “OBLIGATION INFORMATION - Security” in this document).

*Preliminary, subject to change.

Redemption of the Bonds and the Certificates

The City reserves the right, at its option, to redeem the Bonds and the Certificates having stated maturities on and after September 1, 20__, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 20__ or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption (see “OBLIGATION INFORMATION – Optional Redemption of the Bonds and the Certificates” in this document). Additionally, if two or more Bonds of consecutive maturities are combined into one or more “term” Bonds (the “Term Bonds”) or two or more Certificates of consecutive maturities are combined into one or more “term” Certificates (the “Term Certificates”) by the Underwriters, such Term Bonds and Term Certificates, as applicable, will be subject to mandatory sinking fund redemption in accordance with the provisions of the applicable Ordinance (see “OBLIGATION INFORMATION – Mandatory Sinking Fund Redemption of the Bonds and the Certificates”).

No Redemption of Contractual Obligations

The Contractual Obligations are not subject to redemption prior to their stated maturities (see “OBLIGATION INFORMATION – No Redemption of the Contractual Obligations Prior to Maturity” in this document).

Tax Matters

In the opinion of Bond Counsel, interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption “TAX MATTERS” in this document, including the alternative minimum tax on certain corporations.

Payment Record

The City has not defaulted in payment since 1900 when all bonds were refunded at par with a voluntary reduction in interest rates.

Selected Financial Information

Fiscal Year Ended 9-30	Estimated City Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	(000's) Net Funded Tax Debt (3)	Per Capita Net Funded Tax Debt	Ratio of Net Funded Tax Debt to Taxable Valuation	% of Total Tax Collections
2015	899,119	\$98,652,179,430	\$109,721	\$1,409,384	\$1,567.52	1.43%	99.57%
2016	925,491	110,526,026,399	119,424	1,490,221	1,610.20	1.35%	99.69%
2017	946,080	125,371,654,656	132,517	1,526,997	1,614.03	1.22%	99.28%
2018	963,797	138,418,647,260	143,618	1,529,599	1,587.06	1.11%	99.25%
2019	980,886	152,147,505,769	155,112	1,468,755	1,497.38	0.97%	99.21%
2020	961,855	165,194,107,887	171,745	1,534,825	1,595.69	0.93%	99.03%
2021	975,321	176,671,783,309	181,142	1,564,779	1,604.37	0.89%	98.97%
2022	981,610	181,435,265,760	184,834	1,623,275	1,653.69	0.89%	99.39%
2023	1,009,833	220,551,539,659	218,404	1,503,742 (6)	1,489.10 (6)	0.68% (6)	98.77% (4)
2024	1,031,505	234,256,551,594 (5)	227,102	1,859,273 (6)(7)	1,802.49 (6)(7)	0.79% (6)(7)	N/A

- (1) Source: 2022 City of Austin Annual Comprehensive Financial Report – Table 17, through fiscal year ending 2022; City of Austin, Housing and Planning Department based on full purpose area, for fiscal years ending 2023-2024.
- (2) Source: 2022 City of Austin Annual Comprehensive Financial Report – Table 7, through fiscal year ending 2023.
- (3) Excludes general obligation debt issued for certain enterprise funds and general fund departments of the City, the debt service on which is currently paid from the revenue of the respective enterprises and each department’s operating budget, respectively. The City plans to continue to pay these obligations based on this practice; however, there is no guarantee that this practice will continue in future years. See “DEBT INFORMATION” and “TAX INFORMATION – Statement of Debt” and “TAX INFORMATION – Valuation and Funded Debt History – TABLE TWO” in this document.
- (4) Estimated collections as of May 31, 2023 based on the July 2022 Certified Tax Roll tax levy.
- (5) Certified taxable value for the fiscal year ending 2024 (tax year 2023) provided by the Travis Central Appraisal District, Williamson Central Appraisal District, and Hays Central Appraisal District.
- (6) Projected. Includes the Obligations and excludes the Refunded Obligations.
- (7) Projected. Includes tax-supported debt amounts the City expects to issue within the next 12 months.

OFFICIAL STATEMENT

Relating to

CITY OF AUSTIN, TEXAS

\$220,840,000*

**PUBLIC IMPROVEMENT AND REFUNDING BONDS,
SERIES 2023**

\$25,570,000*

**CERTIFICATES OF OBLIGATION,
SERIES 2023**

\$8,745,000*

**PUBLIC PROPERTY FINANCE
CONTRACTUAL OBLIGATIONS, SERIES 2023**

INTRODUCTION

This Official Statement, which includes the cover page, the summary statement and the appendices to this document, provides certain information regarding the issuance by the City of Austin, Texas (the “City”) of its \$220,840,000* Public Improvement and Refunding Bonds, Series 2023 (the “Bonds”), its \$25,570,000* Certificates of Obligation, Series 2023 (the “Certificates”) and its \$8,745,000* Public Property Finance Contractual Obligations, Series 2023 (the “Contractual Obligations”). The Bonds, Certificates and the Contractual Obligations are collectively referred to in this document as the “Obligations.” The Bonds, the Certificates and the Contractual Obligations will be offered separately by the City, and delivery of any one issue is not contingent upon the delivery of any other issue. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the issuance of the Bonds (the “Bond Ordinance”), the ordinance authorizing the issuance of the Certificates (the “Certificate Ordinance”) and the ordinance authorizing the issuance of the Contractual Obligations (the “Contractual Obligation Ordinance”), except as otherwise indicated. The Bond Ordinance, the Certificate Ordinance and the Contractual Obligation Ordinance are collectively referred to in this document as the “Ordinances.” The Ordinances were adopted on August 31, 2023, and the City Council delegated to the Interim City Manager and the Chief Financial Officer, acting individually but not jointly, to effect the sale of the Obligations in accordance with the terms and conditions set forth in the Ordinances.

References to website addresses presented in this document are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless otherwise specified, references to websites and the information or links contained therein are not incorporated into, and are not part of, this document.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained in this Official Statement are only summaries and are qualified in their entirety by reference to each such document.

OBLIGATION INFORMATION

Authority and Purpose for Issuance

The capital improvements to be financed with the proceeds of the Bonds were authorized at elections held on various dates and passed by a majority of the participating voters in the City (the “Elections”); see “DEBT INFORMATION- Authorized General Obligation Bonds” in this document. The City is authorized to issue the Bonds pursuant to Chapter 1331, as amended, Texas Government Code (“Chapter 1331”), Chapter 1371, as amended, Texas Government Code (“Chapter 1371”), the Elections and the Bond Ordinance. The Bonds are also issued pursuant to Chapter 1207, as amended, Texas Government Code (“Chapter 1207”). Proceeds from the sale of the Bonds will be used to finance various capital improvements and to pay costs of issuing the Bonds. Proceeds from the sale of the Bonds will also be used to refund for savings portions of the City’s outstanding general obligation debt as shown in APPENDIX D of this document (the “Refunded Obligations”) and pay costs of refunding the Refunded Obligations. See “DEBT INFORMATION – Authorized General Obligation Bonds” in this document.

*Preliminary, subject to change.

The Certificates are being issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, as amended, Texas Local Government Code (the “Certificate of Obligation Act”), Chapter 1371, and the Certificate Ordinance. Proceeds from the sale of the Certificates will be used to finance various capital improvements and to pay costs of issuing the Certificates.

The Contractual Obligations are being issued pursuant to the general laws of the State, particularly Subchapter A of Chapter 271, as amended, Texas Local Government Code (the “Public Property Finance Act”), Chapter 1371, and the Contractual Obligation Ordinance. Proceeds from the sale of the Contractual Obligations will be used to purchase certain equipment and other personal property for use by various City departments and to pay costs of issuing the Contractual Obligations.

Refunded Obligations

The Refunded Obligations, and interest due thereon, refunded with proceeds of the Bonds, will be paid on the scheduled redemption date of the Refunded Obligations from funds to be deposited pursuant to an escrow agreement (the “Escrow Agreement”), between the City and Wilmington Trust, Dallas, Texas (the “Escrow Agent”). The Bond Ordinance provides that a portion of the proceeds of the sale of the Bonds, together with other lawfully available funds of the City, if any, will be deposited with the Escrow Agent in an amount necessary to accomplish the discharge and final payment of the Refunded Obligations. These amounts may be used to purchase direct obligations of the United States of America (the “Escrowed Securities”) to be held by the Escrow Agent in a special escrow account, or retained as cash, or a combination of the two (together, the “Escrow Fund”). Escrowed Securities acquired and held by the Escrow Agent shall not mature after the scheduled date of redemption of the Refunded Obligations. Pursuant to the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations from amounts held in the Escrow Fund. Robert Thomas, CPA, LLC (the “Verification Agent”), will verify at the time of delivery of the Bonds the mathematical accuracy of the schedules that demonstrate that the Escrowed Securities will mature and pay interest in such amounts and at such times which, together with any uninvested funds, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. The amounts held in the Escrow Fund will not be available to pay the debt service on the Bonds.

By deposit of cash and Escrowed Securities with the Escrow Agent pursuant to the terms of each Escrow Agreement, the City will have entered into firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations in accordance with applicable law. As a result of such firm banking and financial arrangements, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the principal of and interest on the Escrowed Securities and the cash held for such purpose by the Escrow Agent, and the Refunded Obligations will not be included in or considered to be an obligation of the City for the purpose of any limitation on the issuance of ad valorem tax debt obligations by the City.

Sources and Uses of Funds

The proceeds of the Obligations will be applied substantially as follows:

	<u>The Bonds</u>	<u>The Certificates</u>	<u>The Contractual Obligations</u>
Sources of Funds:			
Principal Amount			
Original Issue Premium			
City Contribution			
Total			
Uses of Funds:			
Deposit to Project Fund			
Deposit to Escrow Fund			
Costs of Issuance ⁽¹⁾			
Underwriters’ Discount			
Total			

(1) Costs of Issuance include the fees of bond counsel, disclosure counsel, financial advisor, rating agencies, Paying Agent/Registrar(as defined in this document), Escrow Agent, Verification Agent and certain other bond issuance costs.

General

Each series of Obligations shall be dated as of the date of delivery of the Obligations (currently scheduled to occur on October 10, 2023) (the “Dated Date”) and shall bear interest on the unpaid principal amounts from such date, at the per annum rates shown on pages ii and iii of this document for each series of Obligations. Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds and the Certificates will be payable on March 1, 2024, and on each September 1 and March 1 thereafter until maturity or prior redemption. Interest on the Contractual Obligations will be payable on May 1, 2024, and on each November 1 and May 1 thereafter until maturity. Principal is payable, upon presentation, at the Designated Payment/Transfer Office of the Paying Agent/Registrar (see “OBLIGATION INFORMATION – Paying Agent/Registrar” in this document). Interest is payable by the Paying Agent/Registrar to the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below) and shall be paid by the Paying Agent/Registrar by check mailed by United States mail, first class postage prepaid, to the address of such person as it appears on the registration books of the Paying Agent/Registrar on or before each interest payment date or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The Obligations are issued only as fully registered obligations in denominations of \$5,000 or any integral multiple thereof within a maturity of a series.

Notwithstanding the foregoing, so long as records of ownership of the Obligations are maintained through the book-entry-only system described under “OBLIGATION INFORMATION – Book-Entry-Only System” in this document, all payments of principal of, redemption premium, if any, and interest on the Obligations will be made in accordance with the procedures described in “OBLIGATION INFORMATION – Book-Entry-Only System” in this document.

The record date for the interest payable on any interest payment date is the 15th day of the month next preceding each interest payment date, as specified in the Ordinances (the “Record Date”). In the event of a nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (the “Special Record Date”) will be established by the Paying Agent/Registrar, in accordance with the provisions of the Ordinances, if and when funds for the payment of interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest, which shall be at least 15 days after the Special Record Date, shall be sent at least 5 business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of Obligations 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 the notice.

Security

The Obligations constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City in an amount sufficient to pay the principal of and interest on all ad valorem tax debt. The Certificates are additionally secured by and payable from a limited pledge of the surplus revenue (not to exceed \$1,000) of the City’s solid waste disposal system.

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the City’s maximum ad valorem tax rate to \$2.50 per \$100 assessed valuation for all City purposes. The City operates under a Home Rule Charter, referred to as the “Charter,” which also limits the City’s ad valorem tax rate to \$2.50 per \$100 assessed valuation for all City purposes. See “TAX INFORMATION – Tax Rate Limitation” in this document.

Remedies

Each Ordinance establishes specific events of default with respect to the related series of Obligations. If the City defaults in the payment of the principal of or interest on the Obligations when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City set forth in an Ordinance, the failure to perform, which materially, adversely affects the rights of the registered owners, including but not limited to, their prospect or ability to be repaid in accordance with such Ordinance, and such default continues for a period of 60 days after notice of such default is given by any registered owner to the City, each Ordinance provides that any

registered owner of an Obligation affected thereby is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or each Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

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

On June 30, 2006, 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. Because it is unclear whether the State legislature has effectively waived the City's sovereign immunity from a suit for money damages outside of Chapter 1371, holders of the Obligations may not be able to bring such a suit against the City for breach of the Obligations or covenants contained in the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson I"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I*, *Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("Wasson II" and, together with *Wasson I*, "Wasson"), ruling 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 at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the State's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

Chapter 1371, which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its debt, but the City has not waived sovereign immunity pursuant to Chapter 1371 in connection with the issuance of the Obligations.

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

The registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations. 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 registered owners 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 creditor's rights 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 courts); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

Defeasance of Obligations

Each of the Ordinances provide for the defeasance of each of the respective Obligations when the payment of the principal of the Obligations of a series, plus interest to the due date (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agency or authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, to mature as to principal and interest in such amounts and at such times to ensure 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 Obligations; and thereafter the City will have no further responsibility with respect to amounts available to the paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency caused by the failure of the paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. Defeasance Securities means any securities permitted by Section 1207.062, Texas Government Code (or any successor statute), including (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of approval of the proceedings authorizing the issuance of the refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of approval of the proceedings authorizing the issuance of the refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. Authorized officials of the City may restrict such eligible securities and obligations as deemed appropriate. In the event the City restricts such eligible securities and obligations, the final Official Statement will reflect the new authorized Defeasance Securities. There is no assurance that current State law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Obligations. Because the Ordinances do not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance, and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

Book-Entry-Only System

The City has elected to utilize the book-entry-only system of The Depository Trust Company, New York, New York ("DTC"), as described under this heading. The City is obligated to timely pay the Paying Agent/Registrar the amount due under each Ordinance. See "OBLIGATION INFORMATION - Paying Agent/Registrar" in this document. The responsibilities of DTC, the Direct Participants and the Indirect Participants to the Beneficial Owner of the Obligations are described in this document.

The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes this information to be reliable but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payment of debt service on the Obligations, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), or redemption or other notices, to the beneficial owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this document. 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 Obligations. The Obligations will be issued as fully-registered Obligations registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are referred to in this document as "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 Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the 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 Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to

obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

Paying Agent/Registrar

The initial "Paying Agent/Registrar" for each series of the Obligations is U.S. Bank Trust Company, National Association, Dallas, Texas. Interest on, and principal of, the Obligations will be payable, and transfer functions will be performed at, the corporate trust office designated to the City by the Paying Agent/Registrar (the "Designated Payment/Transfer Office"). In the Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Obligations are outstanding. Any successor Paying Agent/Registrar shall be a commercial bank, trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for any series of the Obligations, the City agrees to promptly cause a written notice to be sent to each registered owner of Obligations of such series by United States mail, first class postage prepaid. This notice shall also give the address of the new Paying Agent/Registrar. The initial Designated Payment/Transfer Office of the Paying Agent/Registrar is its Dallas, Texas office.

Transfer, Exchange and Registration

In the event the book-entry-only system should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at the Designated Payment/Transfer Office and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. An Obligation may be assigned by the execution of an assignment form thereon or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Obligation will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class postage prepaid, to the new

registered owner or his designee. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount and series as the Obligations surrendered for exchange or transfer. See “OBLIGATION INFORMATION - Book-Entry-Only System” in this document for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations.

Limitation on Transfer of Obligations Called for Redemption

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal of an Obligation. The Contractual Obligations are not subject to redemption prior to their scheduled maturities.

Optional Redemption of the Bonds and the Certificates

The City reserves the right, at its option, to redeem the Bonds and the Certificates having stated maturities on and after September 1, 20__, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 20__, or any date thereafter, at the price of par, without premium, plus accrued interest to the date fixed for redemption. If less than all of a series of Obligations is to be redeemed, the City shall determine the respective maturities and amounts to be redeemed and, if less than all of a maturity is to be redeemed, the Paying Agent/Registrar (or DTC while such Obligations are in book-entry-only form) shall determine by lot or other customary random selection method the Obligations, or portions thereof, within such maturity to be redeemed.

Mandatory Sinking Fund Redemption of the Bonds and the Certificates

If principal amounts for the Bonds or the Certificates designated in the serial maturity schedules on page ii of this document, respectively, are combined to create “Term Bonds” or “Term Certificates” with such Term Bonds and Term Certificates being referred to collectively as “Term Obligations,” each such Term Obligation shall be subject to mandatory sinking fund redemption commencing on September 1 of the first year which has been combined to form such Term Obligation and continuing on September 1 in each year thereafter until the stated maturity date of that Term Obligation, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the applicable serial maturity schedule on page ii of this document, respectively. Term Obligations to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot or other customary random selection method from and among the Term Obligations then subject to redemption.

Reduction of Principal Amount Subject to Mandatory Sinking Fund Redemption

The principal amount of the Term Obligations, as the case may be, of a stated maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Obligation of the same series and maturity which, at least 45 days prior to a mandatory sinking fund redemption date shall have been (1) acquired by the City at a price not exceeding the principal amount of such Term Obligation plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) purchased and canceled by the Paying Agent/Registrar at the request of the City at a price not exceeding the principal amount of such Term Obligation plus accrued interest to the date of purchase, or (3) redeemed pursuant to the related optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement. Mandatory sinking fund redemptions will occur on a pro-rata basis in accordance with DTC procedures.

No Redemption of the Contractual Obligations Prior to Maturity

The Contractual Obligations are **not** subject to redemption prior to their scheduled maturities.

Notice of Redemption

At least 30 days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States mail, first class postage prepaid, to the registered owners of each Bond or Certificate to be redeemed at the address shown on the registration books maintained by the Paying Agent/Registrar and subject to the terms,

conditions and provisions relating thereto contained in the respective Ordinances governing their issuance. Such notice shall state that the redemption is conditioned upon receipt of sufficient funds for the payment of the redemption price for the applicable Obligation which is to be redeemed. If a Bond or Certificate (or a portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date such Bond or Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date; provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

Optional redemption of Bonds or Certificates may be made conditional upon the occurrence of certain events. If a conditional notice of redemption is given and sufficient funds are not received for the payment of the required redemption price therefor, the notice shall be of no force and effect, the City shall not redeem Bonds or Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the conditional notice of redemption was given, that Bonds or Certificates, as applicable, shall not be redeemed.

TAX INFORMATION

Ad Valorem Tax Law

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District, Williamson Central Appraisal District and Hays Central Appraisal District (collectively, the "Appraisal Districts"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal Districts are required under Title 1, Texas Tax Code (commonly known as the "Property Tax Code") to appraise all property within the Appraisal Districts on the basis of 100% of the property's market value and are prohibited from applying any assessment ratios. State law further limits the appraised value of a residence homestead for a tax year (the "Homestead 10% Increase Cap") to an amount not to exceed the lesser of (1) the property's market value in the most recent tax year in which the market value was determined by an Appraisal District or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. The value placed upon property within the Appraisal Districts is subject to review by an Appraisal Review Board, consisting of three members appointed by the board of directors of each Appraisal District. The Appraisal Districts are required to review the value of property within the Appraisal Districts at least every three (3) years.

Reference is made to the Property Tax Code for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the Constitution of the State ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant:

- (1) An exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision;
- (2) An exemption of up to 20% of the market value of residence homesteads; minimum exemption \$5,000.

The surviving spouse of an individual who qualifies for the exemption described under (2) above for the residence homestead of a person 65 years of age or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

Once authorized, the exemption described under (1) above may be repealed, or decreased or increased in amount, (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than \$3,000 of the market value.

Section 1-b, Article VIII, and State law also authorize a county, city, town, or junior college district to establish an ad valorem tax freeze on residence homesteads of persons who are disabled or 65 years of age or older. If the City Council does not take action to establish the tax freeze, voters within the City may submit a petition signed by five percent (5%) of the registered voters of the City requiring the City Council to call an election to determine by majority vote whether to establish the tax limitation.

If this tax freeze is established, the total amount of ad valorem taxes imposed by the City on a homestead that receives the residence homestead exemption for persons who are disabled or 65 years of age or older may not be increased, except to the extent the value of the homestead is increased by improvements other than repairs. If a disabled or elderly person dies in a year in which the person received a residence homestead exemption, the total amount of ad valorem taxes imposed on the homestead by the taxing unit may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is 55 years of age or older at the time of the person's death. In addition, the tax limitation applicable to a person's homestead may be transferred to the new homestead of such person if the person moves to a different residence within the taxing unit. Once established, the governing body of the taxing unit may not repeal or rescind the tax limitation.

State law and Article VIII, section 2 of the Texas Constitution, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000 depending upon the degree of disability or whether the exemption is applicable to a surviving spouse or children. Notwithstanding the foregoing, a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100% disability compensation due to a service-connected disability and a rating of 100% disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. A disabled veteran who has a disability rating of less than 100% is entitled to an exemption equal to the percentage of the veteran's disability rating for a residence homestead that was donated by a charitable organization to such veteran (i) at no cost to such veteran or (ii) at some cost to such veteran in the form of a cash payment, a mortgage, or both in an aggregate amount that is not more than 50 percent of the good faith estimate of the market value of the residence homestead made by the charitable organization as of the date the donation is made.

The surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residence homestead, if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption is transferable to a different residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of \$5,000.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), 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. The same land may not be qualified under both Section 1-d and 1-d-1.

Section 1-j, Article VIII, provides for “freeport property” to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication.

Section 1-n, Article VIII, provides for an exemption from taxation for “goods-in-transit.” “Goods-in-transit” are defined as (i) personal property acquired or imported into Texas and transported to another location in the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft, and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment, and manufactured housing inventory. Pursuant to changes enacted during the 2011 Texas Legislative Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding the public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt of the taxing unit, the tax officials of the taxing unit may continue to impose the taxes on the goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

Freeport property is exempt from taxation by the City, and, on October 20, 2011, the City took action to tax goods-in-transit.

Personal property not used in the business of a taxpayer, such as automobiles or light trucks, has a limited exemption from ad valorem taxation unless the governing body of a political subdivision elects to tax this property.

The City grants various exemptions to the appraised value of the residence homesteads within the City, as described in footnote 2 to “Tax Valuation – TABLE ONE” in this document.

The City may create one or more tax increment financing districts (“TIF”) within the City and freeze the taxable values of real property in the TIF at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIF may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIF in excess of the “frozen values” to pay or finance the costs of certain public improvements in the TIF. Taxes levied by the City against the values of real property in the TIF in excess of the “frozen” value are not available for general city use but are restricted to paying or financing “project costs” within the TIF. The City 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 City 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 may last for a period of up to ten (10) years. The City has adopted policies for granting tax abatements, which establish guidelines regarding the number of jobs to be created and the amount of new property value to be added by the taxpayer in return for the abatement. The City has entered into several such abatement agreements in recent years.

Cities are also authorized, pursuant to Chapter 380 of the Texas Local Government Code (“Chapter 380”), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the 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 several such Chapter 380 agreements in recent years.

Tax Rate Limitation

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution, limits the City’s maximum ad

valorem tax rate to \$2.50 per \$100 assessed valuation for all City purposes. The City operates under a Home Rule Charter, which also limits the City's ad valorem tax rate to \$2.50 per \$100 assessed valuation for all City purposes.

Administratively, pursuant to Title 1, Section 53.5 of the Texas Administrative Code, the Texas Attorney General prohibits the issuance of debt by a municipality such as the City if its issuance produces debt service requirements exceeding that which can be paid from \$1.50 of such \$2.50 maximum tax rate, as calculated at the time of issuance at a 90% collection rate. The issuance of the Obligations will not exceed the above-described limits or violate the Texas Attorney General's administrative rule.

Tax Procedures

The following terms as used in this section have the meanings provided below:

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

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

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

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

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

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

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

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

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

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

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

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

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

The City calculated its "voter-approval tax rate" using a 1.035 multiplier for the fiscal year 2024 budget.

The City adopted its fiscal year 2023-24 budget on August 16, 2023, ratified that the budget would need more taxes than the current fiscal year, and adopted an ad valorem tax rate of \$0.4458, which consists of \$0.3577 for maintenance and operations purposes and \$0.0881 for debt service purposes. In November 2020, City voters authorized an increase to the City's maintenance and operations portion of the tax rate, with such increase to be dedicated to fund City-wide transit initiatives ("Project Connect"). The tax rate election increased the fiscal year 2021 tax rate by \$0.0875 above the fiscal year 2021 voter-approval tax rate. For fiscal year 2023, the Project Connect portion of the City's tax rate was \$0.0763 and for fiscal year 2024, the Project Connect portion of the City's tax rate is \$0.0744. The portion of the rate allocated for Project Connect is levied on an apportionment basis and will continue to be levied and allocated as such on a go forward basis.

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

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

2023 Property Tax Legislation

The 88th Texas Legislature began on January 10, 2023 and adjourned on May 29, 2023. The Legislature meets in regular session in odd numbered years for 140 days. During the 88th Texas Legislative Session, the Legislature considered legislation affecting ad valorem taxation procedures and exemptions, among other legislation affecting cities, counties and other political subdivisions generally.

When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called two special sessions. The second special session concluded on July 13, 2023.

During the second called special session, property tax legislation was passed and signed by the Governor that, among other things, (i) prohibits school districts, cities and counties from repealing or reducing an optional homestead exemption that was granted in tax year 2022 (the prohibition expires on December 31, 2027); (ii) establishes a three-year pilot program limiting growth in the taxable assessed value of non-residence homestead property valued at \$5,000,000 or less to 20 percent; (iii) excepts certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and (iv) expands the size of the governing body of an appraisal district in a county with a population of more than 75,000 by adding elected directors and authorize the

legislature to provide for a four-year term of office for a member of the board of directors of certain appraisal districts. The foregoing legislation is intended to reduce the amount of property taxes paid by homeowners and businesses and will result in an increase the State’s share of the cost of funding public education.

Implementation of certain of the foregoing legislation is subject to voter approval of a constitutional amendment that will be submitted to the voters at an election to be held on November 7, 2023. If the constitutional amendment is approved by voters, certain additional legislation will take effect including but not limited to certain increases to the no-tax-due threshold for franchise tax.

Additional special sessions may be called. During this time, the Legislature may enact laws that materially change current law as it relates to property tax exemptions and procedures. The City can make no representations or predictions regarding the scope of legislation that may be considered during any additional called special session or the potential impact of such legislation at this time.

Tax Valuation – Table One

January 1, 2023 Certified Appraised Value (1)	\$332,286,998,007
Less Local Exemptions to Assessed Values: (2)	
Residential Homestead	\$18,820,351,193
Residential Homestead over 65	5,469,692,478
Homestead 10% Increase Cap	24,863,820,863
Disabled Veterans	704,903,855
Agricultural and Historical Exemptions	1,080,777,520
Disability Exemption	272,633,391
Other Exemptions	44,604,324,458
Freeport Exemption	2,213,942,655
January 1, 2023 Net Taxable Assessed Valuation (1)	\$234,256,551,594

(1) Appraised value and taxable value are subject to change pending additional exemption and appeals. Net Taxable Assessed Valuation as of January 1, 2023 corresponds to the City’s fiscal year 2024.

(2) Exemptions or adjustments to assessed valuation granted in tax year 2023 include exemption of (a) 20% of the assessed valuation of a residence homestead; (b) exemptions of \$124,000 for homestead property of property owners who are over 65 years of age or disabled; (c) exemptions for residence homestead property exceeding a 10% increase in valuation from the previous year; (d) exemptions for property of disabled veterans or certain surviving dependents of disabled veterans; (e) certain adjustments to productive agricultural lands; (f) exemptions to the land designated as historically significant sites by certain public bodies; and (g) exemption of freeport property detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication of exported finished goods from the State.

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Statement of Debt

The following table sets forth on a pro forma basis the amount of outstanding Public Improvement Bonds, Assumed Municipal Utility District (“MUD”) Bonds, Contract Revenue Obligations, Certificates of Obligation and Contractual Obligations, as of the date of this Official Statement, as well as certain debt ratios related to the City’s net debt supported by ad valorem taxes.

Public Improvement Bonds (1)(2)	\$1,051,065,000	
Certificates of Obligation (1)(2)	320,555,000	
Contractual Obligations (1)	71,110,000	
Mueller Contract Revenue Obligations	30,190,000	
The Obligations	255,155,000	
Assumed MUD Bonds (3)	2,790,000	
Total		1,730,865,000
Less Self-Supporting Debt:		
Assumed MUDs (3)	\$2,790,000	
Mueller Contract Revenue Obligations	30,190,000	
Austin Resource Recovery (4)	13,320,829	
Austin Water (2) (4)	1,124,240	
Convention Center (4)	4,582,814	
Financial Services (2) (4)	11,236,879	
Fleet Management (2) (4)	842,442	
Transportation (2) (4)	2,800,946	
Waller Creek Tax Increment Reinvestment Zone (2) (4)	108,377,467	
Watershed Protection (2) (4)	22,683,411	
Less: Total Self-Supporting Debt		\$197,949,028
Less: Interest and Sinking Fund Balance (5)		\$29,173,923
Less: Self-Supporting General Fund Payments (6)		\$0
Net Debt		\$1,503,742,049
Ratio of Total Debt to Fiscal Year 2023 Net Taxable Assessed Valuation		0.78%
Ratio of Net Debt to Fiscal Year 2023 Net Taxable Assessed Valuation		0.68%
2023 Population (Estimate) – 1,009,833 (7)		
Per Capita Net Taxable Assessed Valuation – \$218,403		
Per Capita Net Debt Outstanding – \$1,489		

(1) Excludes the Obligations.

(2) Excludes the Refunded Obligations.

(3) Represents bonds of the Northwest Austin MUD#1 annexed by the City.

(4) Certain enterprises of the City, including Austin-Bergstrom International Airport, Austin Energy, Austin Resource Recovery, Austin Water, Building Services, City Hall, Code Compliance, Convention Center, Financial Services, Fleet Management, Golf, One Texas Center, Transportation, Waller Creek, and Watershed Protection currently repay a portion of the debt service on outstanding Public Improvement Bonds, Certificates of Obligation and/or Contractual Obligations from the revenue of the respective enterprises. The City intends to continue to pay these obligations from each respective enterprise; however, there is no guarantee that this practice will continue in future years. Fleet Management and One Texas Center are internal service funds that generate revenue through charges to user departments.

(5) Represents the estimated value of cash and investments as of September 30, 2023.

(6) Various general fund departments have issued debt supported by a transfer into the debt service fund from the issuing department. Each department currently budgets the required debt service, which reduces the debt service tax requirement.

(7) Source: City of Austin, Planning Department.

Valuation and Funded Debt History – Table Two

Fiscal Year Ended 9-30	Estimated City Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	(000's) Net Funded Tax Debt (3)	Per Capita Net Funded Tax Debt	Ratio of Net Funded Tax Debt to Taxable Valuation	% of Total Tax Collections
2015	899,119	\$98,652,179,430	\$109,721	\$1,409,384	\$1,567.52	1.43%	99.57%
2016	925,491	110,526,026,399	119,424	1,490,221	1,610.20	1.35%	99.69%
2017	946,080	125,371,654,656	132,517	1,526,997	1,614.03	1.22%	99.28%
2018	963,797	138,418,647,260	143,618	1,529,599	1,587.06	1.11%	99.25%
2019	980,886	152,147,505,769	155,112	1,468,755	1,497.38	0.97%	99.21%
2020	961,855	165,194,107,887	171,745	1,534,825	1,595.69	0.93%	99.03%
2021	975,321	176,671,783,309	181,142	1,564,779	1,604.37	0.89%	98.97%
2022	981,610	181,435,265,760	184,834	1,623,275	1,653.69	0.89%	99.39%
2023	1,009,833	220,551,539,659	218,404	1,503,742 (6)	1,489.10 (6)	0.68% (6)	98.77%(4)
2024	1,031,505	234,256,551,594 (5)	227,102	1,859,273 (6)(7)	1,802.49 (6)(7)	0.79% (6)(7)	N/A

- (1) Source: 2022 City of Austin Annual Comprehensive Financial Report – Table 17, through fiscal year ending 2022; City of Austin, Housing and Planning Department based on full purpose area for fiscal years ending 2023-2024.
- (2) Source: 2022 City of Austin Annual Comprehensive Financial Report – Table 7, through fiscal year ending 2023.
- (3) Excludes general obligation debt issued for enterprise funds and general fund departments, the debt service on which currently is paid from revenue of the respective enterprises and each department's operating budget, respectively. The City plans to continue to pay these obligations based on this practice; however, such enterprise revenues are not pledged as security for the Obligations and there is no guarantee that this practice will continue in future years. See "DEBT INFORMATION" in this document.
- (4) Estimated collections as of June 30, 2023 based on the July 2022 Certified Tax Roll tax levy.
- (5) Certified taxable value for the fiscal year ending 2024 (tax year 2023) provided by the Travis Central Appraisal District, Williamson Central Appraisal District, and Hays Central Appraisal District.
- (6) Projected. Includes the Obligations and excludes the Refunded Obligations.
- (7) Projected. Includes tax-supported debt amounts the City expects to issue in the next 12-months.

Tax Rate, Levy and Collection History – Table Three

Fiscal Year Ended 9-30	Total Tax Rate	Distribution		Tax Levy	% Current Collections	% Total Collections
		General Fund	Interest and Sinking Fund			
2014	\$0.5027	\$0.3856	\$0.1171	\$446,227,175	99.25%	99.53%
2015	0.4809	0.3691	0.1118	474,418,331	99.27%	99.57%
2016	0.4589	0.3527	0.1062	507,203,935	99.54%	99.69%
2017	0.4418	0.3399	0.1019	553,891,970	99.50%	99.28%
2018	0.4448	0.3393	0.1055	615,686,143	99.47%	99.25%
2019	0.4403	0.3308	0.1095	669,905,468	99.46%	99.21%
2020	0.4431	0.3337	0.1094	731,975,092	99.17%	99.03%
2021	0.5335	0.4209 (1)	0.1126	942,543,964 (1)	99.28%	98.97%
2022	0.5410	0.4280 (1)	0.1130	981,564,804 (1)	99.39%	99.39%
2023	0.4627	0.3669 (1)	0.0958	1,020,491,974 (1)	98.77% (2)	98.77 (2)
2024	0.4458(3)	0.3577 (1)(3)	0.0881(3)	1,044,315,707 (1)(3)	N/A	N/A

- (1) Beginning fiscal year 2021, a portion of the City's tax levy is restricted and dedicated for city-wide transit initiatives (see "TAX INFORMATION - Austin Transit Partnership" in this document).
- (2) Estimated collections as of May 31, 2023 based on the July 2022 Certified Tax Roll tax levy.
- (3) The City Council adopted the City's fiscal year 2023-24 budget on August 16, 2023.

Ten Largest Taxpayers – Table Four

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>Taxable Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
Samsung Austin Semiconductor	Technology Manufacturing	\$1,309,249,952	0.56%
Columbia/St. David’s Healthcare	Healthcare	732,448,764	0.31%
University of Texas	Public Education	520,178,109	0.22%
BPP Alphabet MF Riata LP	Commercial	489,105,979	0.21%
Oracle America Inc.	Technology	461,457,487	0.20%
Apple Inc.	Technology	461,285,701	0.20%
Green Water Block 185 LLC	Commercial	460,892,710	0.20%
CSHV-401 Congress LLC	Commercial	395,930,360	0.17%
110 E 2nd Series	Commercial	378,062,050	0.16%
GW Block 23 Office LLC	Commercial	<u>375,267,420</u>	<u>0.16%</u>
TOTAL		<u>\$5,583,878,532</u>	<u>2.38%</u>

Source: Travis Central Appraisal District and Williamson Central Appraisal District.

Property Tax Rate Distribution – Table Five

	<u>Fiscal Year Ended September 30</u>				
	<u>2020</u>	<u>2021(1)</u>	<u>2022(1)</u>	<u>2023(1)</u>	<u>2024(1)(2)</u>
General Fund	\$0.3337	\$0.4209	\$0.4280	\$0.3669	0.3577
Interest and Sinking Fund	<u>0.1094</u>	<u>0.1126</u>	<u>0.1130</u>	<u>0.0958</u>	<u>0.0881</u>
Total Tax Rate	\$0.4431	\$0.5335	\$0.5410	\$0.4627	0.4458

- (1) Beginning in Fiscal Year 2021, a portion of the City’s General Fund tax levy is restricted and dedicated for city-wide transit initiatives (see “TAX INFORMATION - Austin Transit Partnership” in this document).
- (2) The City Council adopted the City’s fiscal year 2023-24 budget on August 16, 2023.

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Net Taxable Assessed Valuations, Tax Levies and Collections – Table Six

Fiscal Year Ended 9-30	Valuation Date	Real Property		Personal Property		Net Taxable Assessed Valuation	Total Tax Levy	% Current Collections	% Total Collections
		Amount	% of Total	Amount	% of Total				
2015	1-1-14	\$88,868,446,944	90.08%	\$9,783,732,486	9.92%	\$98,652,179,430	\$474,418,331	99.27%	99.57%
2016	1-1-15	100,293,482,266	90.74%	10,232,544,133	9.26%	110,526,026,399	507,203,935	99.54%	99.69%
2017	1-1-16	115,076,345,719	91.79%	10,295,308,937	8.21%	125,371,654,656	553,891,970	99.50%	99.28%
2018	1-1-17	128,039,072,443	92.50%	10,379,564,817	7.50%	138,418,637,260	615,686,099	99.47%	99.25%
2019	1-1-18	141,714,826,355	93.14%	10,432,679,414	6.86%	152,147,505,769	669,905,468	99.46%	99.21%
2020	1-1-19	154,814,554,309	93.72%	10,379,553,578	6.28%	165,194,107,887	731,975,092	99.17%	99.03%
2021	1-1-20	165,980,394,734	93.95%	10,691,388,575	6.05%	176,671,783,309	942,543,964(3)	99.28%	98.97%
2022	1-1-21	171,193,048,892	94.35%	10,242,219,868	5.65%	181,435,268,760	981,564,804(3)	99.39%	99.39%
2023	1-1-22	207,793,078,693	95.20%	10,466,044,694	4.80%	218,259,123,387	1,009,884,964(3)	98.77%(1)	98.77%(1)
2024	1-1-23	222,407,990,287 (2)	94.94%	11,848,561,307 (2)	5.06%	234,256,551,594 (2)	1,044,315,707 (3)	N/A	N/A

(1) Estimated collections through May 31, 2023 based on the July 2022 Certified Tax Roll tax levy.

(2) Taxable Value is subject to change pending additional exemption and appeals.

(3) The City Council adopted the City's fiscal year 2023-24 budget on August 16, 2023. Beginning fiscal year 2021, a portion of the City's tax levy is restricted and dedicated for city-wide transit initiatives (see "TAX INFORMATION - Austin Transit Partnership" in this document).

Austin Transit Partnership

On November 3, 2020, City voters approved a tax rate increase to fund investment in a comprehensive City-wide transit plan known as Project Connect ("Project Connect"). Project Connect will include a new rail system, a downtown transit tunnel, expanded bus system, new park and ride facilities, and will transition the City to an all-electric fleet. Subsequent to the City's tax rate election and resultant dedication of the increase in City property tax revenue to Project Connect, the City and Capital Metro, through an interlocal agreement, established the Austin Transit Partnership ("ATP"), an independent local government corporation charged with overseeing the financing, design, construction and implementation of Project Connect. ATP operates with oversight from the City Council of the City and the Capital Metro board. The ATP board is appointed by members of the Capital Metro board and City Council and consists of one representative from the City Council of the City, one Capital Metro board member, and three community representatives.

Funding for ATP's operations and capital investment in Project Connect comes from dedicated property tax revenue to be annually transferred to ATP from the City, sales taxes transferred from Capital Metro, and federal funding. The November 3, 2020 election approved the dedication of \$0.0875 of the City's fiscal year 2021 \$0.4209 maintenance and operations portion of the property tax rate, which represents approximately 20.789% of the maintenance and operations portion of the tax rate, to Project Connect. In future years, the City is committed to continuing to apportion 20.789% of its maintenance and operations property tax levy to ATP, net of certain adjustments related to tax increment reinvestment zones and to Chapter 380 economic incentive agreements, and subject to change pursuant to the adoption of future tax rate elections. For fiscal year 2024, the budgeted amount of property taxes to be transferred to ATP is \$164,990,429. City property taxes represent the largest source of funding for ATP.

ATP anticipates the issuance of debt to finance a significant portion of the multi-billion capital investment required for Project Connect, in addition to pay-as-you-go funding and federal grant revenues. It is anticipated that debt issued by ATP will be secured, in part, by the City property tax revenue dedicated for Project Connect and annually transferred to ATP. Any such debt incurred by ATP, if and when issued, would not represent a general obligation of the City and would not be repaid from the debt service portion of the City's tax rate.

Revenue Debt (As of September 30, 2023)

In addition to the above, the City has outstanding \$32,980,000 combined utility systems revenue bonds payable from combined net revenue of the Electric System and the Water and Wastewater System; \$1,914,740,000 electric utility system revenue obligations payable from a separate lien on the net revenues of the Electric Utility System; \$2,137,905,000 Water and Wastewater Obligations payable from a separate lien on the net revenue of the water and

wastewater system. In the fall of 2023, the City plans to issue additional water and wastewater system revenue obligations for the purposes of refunding outstanding commercial paper and short-term notes, as described below, and for capital improvements for the benefit of the respective utility systems.

The City has established two short-term, interim financing commercial paper program structures, a \$400,000,000 tax-exempt note program, consisting of (i) commercial paper notes, and (ii) direct purchase notes subject to acquisition by JPMorgan Chase Bank, National Association and a \$100,000,000 taxable commercial paper program, consisting of commercial paper notes. Each of the commercial paper programs is payable from a subordinate lien on the combined net revenue of the Electric System and the Water and Wastewater System. The City currently has outstanding \$85,300,000 in tax-exempt Program Notes and \$22,500,000 in taxable Program Notes. The City has extended its commercial paper program and respective revolving credit agreements, which provide liquidity support for the tax-exempt and taxable programs through September 30, 2024.

The City additionally has outstanding \$1,340,355,000 Airport System Revenue Bonds payable from net revenues of the City's Airport System; \$147,330,000 Rental Car Special Facility Revenue Bonds payable from revenues derived from rental car facilities currently operating at the airport; \$62,395,000 Hotel Occupancy Tax Subordinate Lien Revenue Bonds payable from the City's 2% and 4.5% Hotel Occupancy Tax; and \$16,465,000 Town Lake Park Community Events Center Venue Bonds payable from revenues received from the Special Motor Vehicle Rental Tax and Venue generated revenue.

Public Improvement District Debt (As of September 30, 2023)

The City previously authorized and issued special assessment revenue debt for public improvement districts ("PIDs") located within the City's boundaries: Estancia Hill Country PID improvement areas one and two (\$14,660,000 of special assessment revenue bonds outstanding), Indian Hills PID (\$1,345,000 of special assessment revenue bonds outstanding), and Whisper Valley PID master improvement area and improvement areas one and two (\$17,555,000 of special assessment revenue bonds outstanding). The City may issue additional special assessment revenue debt for the purposes of additional development within the existing PIDs described above. Existing special assessment debt and any additional special assessment revenue debt is secured by and payable from only the special assessments levied on properties within the respective PID boundaries and does not represent an obligation of the City's general revenue or taxes.

Obligations Subject to Annual Appropriation (As of September 30, 2023)

With respect to the redevelopment of the property formerly known as Robert Mueller Municipal Airport ("Mueller"), the City entered into a Master Development Agreement with Catellus Austin, LLC, effective as of December 2, 2004 (the "Development Agreement"), and in the Development Agreement, the City agreed to issue debt to finance certain "Public Finance Reimbursable Project Costs" either directly or through the auspices of a local government corporation created by the City. The City has entered into an economic development grant agreement (the "Grant Agreement") with Mueller Local Government Corporation ("MLGC"), a non-profit local government corporation created by the City to act on its behalf with respect to the redevelopment of Mueller. MLGC was created in response to the provisions of the Development Agreement. Under the terms of the Grant Agreement, the City will make grant payments to MLGC from the General Fund, subject to annual appropriation by the City, in amounts sufficient to pay debt service on bonds issued by MLGC to fund Public Finance Reimbursable Project Costs and pay administrative costs associated with such bonds. It is anticipated that sales tax revenues generated by properties developed at Mueller will be sufficient to fund the grants throughout the term of the Grant Agreement. \$12,000,000 in Contract Revenue Bonds were issued in 2006 by MLGC to finance Public Finance Reimbursable Project Costs, and as of the date of this Official Statement, \$2,735,000 in principal amount of these Contract Revenue Bonds is outstanding.

The City has also created a tax increment reinvestment zone for the Mueller project that includes Reinvestment Zone Number Sixteen (the "Zone") and neighboring areas for the promotion, development, encouragement and maintenance of employment, commerce, economic development and public facility development in the Zone, which consists of approximately 700 acres. Currently, only the City participates in the Zone by contributing its tax increment revenues to the Zone, and it is not expected that any other taxing unit will participate in the Zone. The tax increment revenues of the City will be contributed by the City to the MLGC pursuant to the terms of a Tri-Party Agreement among the City, the MLGC and the Zone (the "Tri-Party Agreement"). In addition, the City has agreed to consider making

payments to the MLGC under a grant agreement between the City and the MLGC, pursuant to which the City may make available to the MLGC grant funds in amounts sufficient to pay debt service on the Tax Increment Contract Revenue Bonds, should Pledged Revenues be insufficient to allow the MLGC to meet its debt service payment obligations. The grant payments are to be funded from available moneys in the City's general fund, subject to annual appropriation. The City is under no obligation to make grant payments. The MLGC has issued three series of Tax Increment Contract Revenue Bonds, aggregating \$47,580,000 in principal amount, backed by tax increment revenues generated from taxation of real property within the boundaries of the Zone from taxing units participating in the Zone, and as of the date of this Official Statement, \$27,455,000 in principal amount of these Tax Increment Contact Revenue Bonds is outstanding.

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DEBT INFORMATION

Pro Forma Debt Service Requirements^(a)

Fiscal Year Ending 09/30	Public Improvement Bonds	Certificates of Obligation	Contractual Obligations	Northwest Austin MUD #1	Mueller Contract Rev Bonds	Less Refunded Obligations ^(a)	The Bonds, The Certificates and The Contractual Obligations ^(a)	Grand Total Requirements ^{(a)(b)}	Less Self-Supporting Requirements ^(b)	Net Total Requirements ^(a)	Percent Principal Payout
2024	\$ 147,126,473	\$ 31,147,542	\$ 20,214,225	\$ 1,038,575	\$ 4,973,965	\$ 3,326,088	\$ 34,529,910	\$ 235,704,602	\$ 27,557,163	\$ 208,147,440	
2025	139,367,240	31,151,759	18,176,075	1,044,475	5,109,565	8,916,088	22,930,250	208,863,277	25,507,032	183,356,245	
2026	134,508,017	31,161,861	15,905,275	943,463	5,255,965	7,257,488	21,272,000	201,789,093	24,542,424	177,246,669	
2027	131,592,728	27,006,561	11,797,875	-	4,415,465	4,018,925	18,033,375	188,827,079	20,306,066	168,521,014	
2028	124,055,786	27,023,017	7,695,000	-	4,572,934	10,225,725	24,240,875	177,361,887	19,628,685	157,733,202	39.70%
2029	102,735,112	27,025,380	5,813,500	-	4,735,059	10,130,375	24,154,125	154,332,800	19,466,028	134,866,773	
2030	94,904,662	27,043,051	814,875	-	2,155,401	10,047,325	24,071,250	138,941,914	16,621,603	122,320,312	
2031	88,938,491	32,096,073	-	-	2,151,864	9,973,900	23,993,375	137,205,903	16,134,245	121,071,658	
2032	91,916,457	32,102,114	-	-	2,155,369	9,873,800	22,482,500	138,782,640	15,388,982	123,393,657	
2033	83,665,390	30,850,160	-	-	-	14,309,000	26,919,250	127,125,800	12,681,740	114,444,061	70.83%
2034	71,699,219	30,833,793	-	-	-	1,635,375	14,245,750	115,143,387	12,685,542	102,457,845	
2035	55,592,553	27,126,364	-	-	-	1,617,625	14,229,500	95,330,792	9,754,807	85,575,985	
2036	41,927,101	23,628,210	-	-	-	1,601,425	14,211,750	78,165,637	7,568,846	70,596,791	
2037	38,467,123	19,559,910	-	-	-	1,588,200	14,196,500	70,635,334	6,979,310	63,656,023	
2038	33,998,001	16,891,677	-	-	-	1,572,725	14,182,500	63,499,452	6,647,933	56,851,519	90.27%
2039	32,362,035	14,791,146	-	-	-	-	13,223,500	60,376,682	5,075,491	55,301,190	
2040	25,710,831	13,184,748	-	-	-	-	13,230,500	52,126,079	3,796,438	48,329,641	
2041	23,654,678	5,200,584	-	-	-	-	13,226,250	42,081,512	3,809,404	38,272,108	
2042	12,616,887	1,199,491	-	-	-	-	13,230,000	27,046,378	662,056	26,384,321	
2043	-	-	-	-	-	-	13,230,000	13,230,000	-	13,230,000	100.00%
	<u>\$1,474,838,786</u>	<u>\$449,023,440</u>	<u>\$80,416,825</u>	<u>\$3,026,513</u>	<u>\$35,525,586</u>	<u>\$96,094,063</u>	<u>\$379,833,160</u>	<u>\$2,326,570,247</u>	<u>\$254,813,795</u>	<u>\$2,071,756,452</u>	

(a) Preliminary, subject to change. Net Total Requirements includes the Obligations and excludes the Refunded Obligations.

(b) Debt service for Northwest Austin MUD #1.

(c) Includes principal and interest on self-supporting debt repaid from certain enterprise revenue of the City (see "Statement of Debt" in this document).

Estimated Direct and Overlapping Funded Debt Payable from Ad Valorem Taxes

Expenditures of various taxing bodies with taxing jurisdictions that overlap all or a portion of the City's taxing boundaries are paid from ad valorem taxes levied by these taxing bodies on properties within the City. These political taxing bodies are independent of the City and may incur tax-supported debt obligations to finance their expenditures. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional tax-supported debt obligations since the date of this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds the amount of which cannot be determined. The following table reflects the estimated share of overlapping tax-supported debt obligations of the major taxing bodies in the area.

<u>Taxing Jurisdiction</u>	<u>Total Debt Funded from Ad Valorem Taxes (1)(2)</u>	<u>Estimated % Applicable</u>	<u>Overlapping Funded Debt</u>
City of Austin (2)	\$1,503,742,049	100.00	\$1,503,742,049
Austin CCD	414,210,000	67.29%	\$278,721,909
Austin ISD	2,021,775,633	95.03%	1,921,293,384
Avery Ranch Rd Dist # 1	2,340,000	100.00%	2,340,000
Del Valle ISD	655,350,000	55.82%	365,816,370
Eanes ISD	104,345,000	37.41%	39,035,465
Hays CISD	651,815,000	1.71%	11,146,037
Hays Co	500,607,455	0.72%	3,604,374
Lake Travis ISD	560,550,000	0.04%	224,220
Leander ISD	1,149,233,705	11.63%	133,655,880
Manor ISD	514,159,999	62.50%	321,350,000
North Austin MUD # 1	4,700,000	**	-
Northtown MUD	22,650,000	19.45%	4,405,425
Northwoods Road District # 1	9,325,000	100.00%	9,325,000
Pearson Place Road District	4,585,000	100.00%	4,585,000
Pflugerville ISD	814,440,000	34.22%	262,494,012
Pilot Knob MUD #3	62,395,000	0.02%	12,479
Round Rock ISD	794,720,000	35.21%	279,820,912
Travis County	900,550,000	70.02%	630,565,110
Travis Co ESD # 3	500,000	0.20%	1,000
Travis Co ESD # 6	1,150,000	0.19%	2,185
Travis Co ESD # 9	300,000	1.45%	4,350
Travis Co Healthcare District (dba Central Health)	73,795,000	70.02%	51,671,259
Travis Co MUD # 5	23,192,416	**	-
Travis Co MUD # 8	9,949,376	0.50%	49,747
Travis Co WC&ID # 10	38,760,000	3.33%	1,290,708
Travis Co WC&ID # 17 (Steiner Ranch)	40,125,000	0.08%	32,100
Upper Brushy Creek WCID	51,965,000	16.48%	8,563,832
Williamson County	1,152,310,000	10.98%	126,523,638
Total Net Direct and Overlapping Debt			<u>\$5,960,276,445</u>
Ratio of Net Direct and Overlapping Debt to Fiscal Year 2023 Taxable Assessed Value (3)			2.70%
Per Capita Overlapping Funded Debt (4)			\$5,902

(1) Source: Overlapping debt amounts as of July 31, 2023 obtained from the Municipal Advisory Council of Texas.

(2) Preliminary, subject to change. Outstanding net tax-supported debt of the City includes the Obligations and excludes the Refunded Obligations.

(3) Based on the City's tax year 2022 / fiscal year 2023 net taxable assessed valuation of \$220,551,539,659.

(4) Based on the City's 2023 estimated population 1,009,833.

** Less than 0.01%.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimated the portion of the outstanding debt of those overlapping governments that is borne by the City's residents and businesses. This process recognized that, when considering the City's ability to issue and repay long-

term debt, the entire debt borne by its residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Authorized General Obligation Bonds – Table Seven

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Previously Issued (1)</u>	<u>Currently Being Issued(1)(2)</u>	<u>Unissued Balance(2)</u>
Brackenridge 2000	10/22/1983	\$50,000,000	\$40,785,000	\$-	\$9,215,000
Park Improvements	9/8/1984	9,975,000	9,648,000	-	327,000
Cultural Arts	1/19/1985	20,285,000	14,890,000	-	5,395,000
Cultural Arts	11/7/2006	31,500,000	27,500,000	-	4,000,000
Mobility Transportation	11/6/2012	143,299,000	130,315,000	5,000,000	7,984,000
Park Improvements	11/6/2012	77,680,000	76,180,000	-	1,500,000
Public Safety Facility	11/6/2012	31,079,000	31,075,000	-	4,000
HHS Facility	11/6/2012	11,148,000	11,145,000	-	3,000
Cultural Arts	11/6/2012	13,442,000	13,440,000	-	2,000
Mobility Transportation	11/8/2016	720,000,000	282,095,000	80,000,000	357,905,000
Affordable Housing	11/6/2018	250,000,000	200,295,000	-	49,705,000
Cultural Arts	11/6/2018	128,000,000	9,700,000	8,000,000	110,300,000
Park Improvements	11/6/2018	149,000,000	43,275,000	15,000,000	90,725,000
Flood Mitigation	11/6/2018	184,000,000	75,685,000	6,500,000	101,815,000
Health and Human Services	11/6/2018	16,000,000	4,190,000	-	11,810,000
Public Safety	11/6/2018	38,000,000	9,450,000	1,000,000	27,550,000
Mobility Transportation	11/6/2018	160,000,000	34,895,000	30,000,000	95,105,000
Mobility Transportation	11/3/2020	460,000,000	9,000,000	25,000,000	426,000,000
Affordable Housing	11/8/2022	<u>350,000,000</u>	<u>-</u>	<u>-</u>	<u>350,000,000</u>
		\$2,843,408,000	\$1,023,563,000	\$170,500,000	\$1,649,345,000

(1) Includes premium applied against voted authorization.
(2) Preliminary, subject to change.

The City may also incur non-voted debt payable from or secured by its collection of ad valorem taxes and other sources of revenue, including certificates of obligation, tax notes, public property finance contractual obligations and leases for various purposes. The Certificates and the Contractual Obligations represent non-voted debt of the City.

Funded Debt Limitation

There is no direct debt limit on bonded indebtedness in the City Charter. State law authorizes the City to incur total bond indebtedness through the issuance of bonds payable from taxes in an amount not to exceed 10% of the total assessed valuation of property in the City. Revenue bonds, tax and revenue anticipation notes, and other obligations and contracts are not included in the bonded debt total to which the statutory limitation of 10% applies. See “TAX INFORMATION - Tax Rate Limitation” and “TAX INFORMATION - Statement of Debt.”

Short-Term Borrowing

Pursuant to Section 1431, Texas Government Code, the City has the authority to incur short-term borrowings to provide for the payment of current expenses through the issuance of anticipation notes. Anticipation notes issued for this purpose must mature before the first anniversary of the date the Attorney General approves the anticipation notes.

FISCAL MANAGEMENT

The City engages in a formal, structured process for preparing both the annual operating budget of the City and a five-year capital improvements budget for the City. For additional information relating to the financial planning and budget policies and controls of the City, see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY – Financial Information” in this document.

INVESTMENTS

The City invests its available funds in investments authorized by State law, particularly the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (the “PFIA”), in accordance with investment policies approved by the City Council. Both State law and the City’s investment policies are subject to change.

Legal Investments

Under State law, the City is authorized to invest in:

- (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities;
- (2) direct obligations of the State or its agencies and instrumentalities including the Federal Home Loan Banks;
- (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- (4) other obligations, the principal and interest of which are guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (“FDIC”) or by explicit full faith and credit of the United States;
- (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent;
- (6) bonds issued, assumed or guaranteed by the State of Israel;
- (7) interest-bearing banking deposits that are guaranteed insured by the FDIC or the National Credit Union Share Insurance Fund (“NCUSIF”) or their respective successors;
- (8) interest-bearing banking deposits other than those described by subdivision (7) if the funds invested in the banking deposits are invested through (a) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (b) a depository institution with a main office or branch office in this state that the investing entity selects; (ii) the broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account (a) the depository institution selected as described above; (b) an entity described by Section 2257.041(d); or (c) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3);
- (9) certificates of deposit meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by a combination of cash and the FDIC or the NCUSIF, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits;
- (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) and (12) which are pledged to the City, held in the City’s name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State;
- (11) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency;
- (12) commercial paper with a stated maturity of 365 days or less that is rated not less than “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally

- recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank;
- (13) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that comply with the United States Securities and Exchange Commission Rule 2a-7;
 - (14) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and,
 - (15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than “AAA,” “AAA-m” or at an equivalent rating by at least one nationally recognized rating service.

The City may also invest bond proceeds in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the City may enter into securities lending programs if:

- (i) the value of securities loaned under the program are not collateralized at less than 100%, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool;
- (ii) securities held as collateral under a loan are pledged to the City, held in the City’s name and deposited at the time the investment is made with the City or a third party designated by the City;
- (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and
- (iv) the agreement to lend securities has a term of one year or less.

The City may also contract with an investment management firm registered under the Investment Advisor Act of 1940 (15 U.S.C. Section 80b.1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years, but the City retains ultimate responsibility as fiduciary of its assets.

The City, as the owner of a municipal electric utility that is engaged in the sale of electric energy to the public, may invest funds held in a “decommissioning trust” (a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation) in any investment authorized by Subtitle B, Title 9, Texas Property Code (“Texas Trust Code”). The Texas Trust Code provides that a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution. The City has established an external irrevocable trust for decommissioning with Wilmington Trust, National Association. The decommissioning trust market value, as of June 30, 2023, was \$252,862,754.69.

The City is specifically prohibited from investing in:

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

Investment Policies

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield and maturity; and also that address the quality and capability of investment personnel. The policy includes a list of the type of authorized investments for City funds, the maximum allowable stated maturity of any individual investment owned by the City, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement must describe the investment objectives for the particular fund using the following priorities:

- (1) understanding of the suitability of the investment to the financial requirements of the City;
- (2) preservation and safety of principal;
- (3) liquidity;
- (4) marketability of each investment;
- (5) diversification of the portfolio; and
- (6) yield.

The City's investment policy authorizes the City to invest its funds and funds under its control in all of the eligible investments described above under "Legal Investments," except those investments described in clauses (3) and (6).

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly, the investment officers of the City shall submit an investment report detailing:

- (1) the investment position of the City;
- (2) that all investment officers jointly prepared and signed the report;
- (3) the beginning market value and the ending value of each pooled fund group;
- (4) the book value and market value of each separately listed asset at the end of the reporting period;
- (5) the maturity date of each separately invested asset;
- (6) the account or fund or pooled fund group for which each individual investment was acquired; and
- (7) the compliance of the investment portfolio as it relates to (a) adopted investment strategy statements and (b) State law.

No person may invest City funds without express written authority of the City Council or the Chief Financial Officer of the City.

Additional Provisions

Under State law, the City is additionally required to, among other things:

- (1) annually review its adopted policies and strategies,
- (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council,
- (3) require a registered representative of business organizations offering to engage in an investment transaction with the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements;
- (4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; and
- (5) provide specific investment training for the Chief Financial Officer of the City, Treasurer, and Investment Officers.

An investment officer of a local government is required to invest bond proceeds or pledged revenue only to the extent permitted by the PFIA and in accordance with (i) statutory provisions governing the debt issuance (or lease, installment sale, or other agreement) and (ii) the local government's investment policy regarding the debt issuance or the agreement.

Current Investments – Table Eight

As of June 30, 2023, the City's investable funds were invested in the following categories.

<u>Type of Investment</u>	<u>Percentage</u>
U.S. Treasuries	35%
U.S. Agencies	33%
Local Government Investment Pools	31%
Money Market Funds	1%

The dollar weighted average maturity for the combined City investment portfolios is 196 days. The City prices the portfolios weekly utilizing a market pricing service.

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**GENERAL FUND REVENUES AND EXPENDITURES AND CHANGES IN FUND
BALANCE – Table Nine**
(in 000's)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Taxes (1)	\$702,761	\$752,340	\$778,947	\$860,698	\$947,486
Franchise Fees	35,738	35,294	37,813	26,189	30,886
Fines, Forfeitures and Penalties	10,330	8,694	4,447	4,607	5,039
Licenses, Permits and Inspections	54,103	16,572	15,069	16,612	19,044
Charges for Services	61,705	63,284	52,491	57,278	68,268
Lease Revenue	-	-	-	-	156
Interest and Other	<u>21,389</u>	<u>23,507</u>	<u>22,523</u>	<u>17,246</u>	<u>34,449</u>
Total Revenues	\$886,026	\$899,691	\$911,290	\$982,630	\$1,105,328
Expenditures:					
Administration	\$22,021	\$24,310	\$30,175	\$31,343	\$33,345
Urban Growth Management	82,293	42,259	45,942	40,851	38,570
Public Safety	584,760	610,833	540,442	619,373	664,389
Public Health	84,410	86,812	96,314	100,234	104,700
Public Recreation and Culture	120,120	129,904	126,810	127,716	146,175
Lease Financing Principal	-	-	-	-	5,978
Nondepartmental Expenditures	<u>113,140</u>	<u>119,740</u>	<u>182,589</u>	<u>219,727</u>	<u>194,077</u>
Total Expenditures	\$1,006,744	\$1,013,858	\$1,022,272	\$1,139,244	\$1,187,234
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(\$120,718)	(\$114,167)	(\$110,982)	(\$156,614)	(\$81,906)
Other Financing Sources (Uses):					
Lease Proceeds	-	-	-	-	\$13,010
Transfers from Other Funds	173,614	172,798	172,425	186,441	179,878
Transfers to Other Funds	<u>(11,776)</u>	<u>(46,130)</u>	<u>(25,564)</u>	<u>(28,863)</u>	<u>(42,249)</u>
Net Other Financing Sources	\$161,838	\$126,668	\$146,861	\$157,578	\$150,639
Excess (Deficiency) of Total Revenues and Other Services Over Expenditures and Other Uses	\$41,120	\$12,501	\$35,879	\$964	\$68,733
Special Item – Land Sale	-	<u>10,201</u>	-	-	-
Fund Balances at Beginning of Year	<u>171,814</u>	<u>212,934</u>	<u>235,636</u>	<u>272,138(3)</u>	<u>273,102</u>
Fund Balances at End of Year (2)	<u>\$212,934</u>	<u>\$235,636</u>	<u>\$271,515</u>	<u>\$273,102</u>	<u>\$341,835</u>

(1) Consists of property, sales, and mixed drinks tax.

(2) As of September 30, 2022, the budget stabilization reserve reports a balance of \$113.4 million and the emergency reserve maintains a balance of eight percent of total General Fund requirements, or \$93.6 million.

(3) Restated.

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CERTAIN GENERAL FUND RECEIPTS OTHER THAN AD VALOREM TAXES

Municipal Sales Tax – Table Ten

At an election held on September 30, 1967, the citizens of Austin voted a 1% retail sales and use tax to become effective on January 1, 1968. This tax provides an additional revenue source to the General Fund of the City. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts of the State, who currently remits the proceeds of the tax to the City monthly. Revenue from this source has been:

<u>Fiscal Year</u> <u>Ended 9-30</u>	<u>Per Capita</u> <u>Sales and Use Tax</u>	<u>(in 000's)</u> <u>Sales and Use Tax</u>	<u>% of</u> <u>Ad Valorem Tax Levy</u>
2015	\$222.86	\$204,029	42.24%
2016	230.58	212,634	42.07%
2017	231.26	218,790	39.50%
2018	235.94	232,319	36.46%
2019	253.66	248,813	37.14%
2020	256.44	246,658	33.70%
2021	288.91	281,784	29.90%
2022	348.02	341,620	34.80%
2023 (1)	350.95	354,398	34.73%
2024 (1)	364.12	375,594	36.56%

(1) 2023 and 2024 figures from the City's approved budget.

Transfers from Utility Funds – Table Eleven

The City owns and operates a Water and Wastewater System and an Electric Light and Power System, the financial operations of which are accounted for in the Utility Funds (together, the "Utility Funds"). Transfers from the Utility Funds to the General Fund have historically provided a significant percentage of the receipts for operation of the General Fund. The transfers are voluntary transfers made from the Utility Funds by the City Council although the City is under no legal requirement to continue to make the transfers. The following sets forth the amount of such transfers:

<u>Fiscal Year</u> <u>Ended 9-30</u>	<u>(in 000's)</u> <u>Transfers</u>	<u>% of General</u> <u>Fund Requirements</u>
2015	\$143,755	16.9%
2016	146,993	15.9%
2017	150,877	15.6%
2018	154,914	15.1%
2019	157,586	15.2%
2020	158,486	15.1%
2021	160,544	14.7%
2022	160,431	13.7%
2023	152,037	11.7%
2024 (1)	163,982	12.2%

(1) 2024 figures from the City's approved budget.

THE CITY

Administration

Incorporated in 1839, the City operates under a Council-Manager form of government under its Home Rule Charter. The City Council is comprised of an eleven-member council, with the Mayor elected at-large, and the remaining members elected from ten single-member districts. Councilmembers, including the Mayor, serve a four-year term, with the terms of the councilmembers staggered so that every two years five of the councilmembers stand for election, and five councilmembers stand for election two years later. See "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY – General Information" in this document.

By charter, the City Council appoints a City Manager for an indefinite term who acts as the chief administrative and executive officer of the City. The duties include, among others, the supervision of all City departments, the preparation and administration of an annual budget and the preparation of a report on the finances and administrative activities of the City.

Interim City Manager – Jesús Garza

Interim City Manager Jesús Garza is an experienced manager of complex organizations. Early in his career, he quickly became known for implementing strong community partnerships. Mr. Garza began his government career in the City in 1978, enjoying increasingly responsible roles. From 1988 to 1992 he served as Assistant City Manager and Deputy City Manager in Corpus Christi and then returned to Central Texas to become executive director of the Texas Water Commission. From 1994 to 2002, Mr. Garza served as the City Manager for the City. He led the City during a period of considerable economic and population expansion. His tenure included business development, downtown revitalization, and the transformation of a former Air Force Base into the Austin-Bergstrom International Airport. Mr. Garza had oversight responsibility of the city-owned Brackenridge Hospital during the time when it was named a regional Trauma Center. He also served as City's chief negotiator in the lease agreement that brought the facility, now University Medical Center Brackenridge, into the Seton Family. After retiring from the City, Mr. Garza served as Deputy General Manager for the Lower Colorado River Authority and then served as ministry market leader for Ascension Health's Texas and Arizona ministries, including the Carondelet Health Network before becoming Chief Executive Officer of the Seton Healthcare Family. Mr. Garza retired from Ascension and Seton in August 2017. Mr. Garza was named Public Administrator of the Year by the American Society for Public Administration/Centex Chapter, Public Official of the Year by Governing magazine and recently received a Lifetime Achievement award from the Greater Austin Hispanic Chamber of Commerce. He also received the distinction of being named the 2019 Austinite of Year by the Greater Austin Chamber of Commerce. Mr. Garza received his Bachelor of Science degree from The University of Texas and a Master of Public Affairs degree from the Lyndon Baines Johnson School of Public Affairs.

Chief Financial Officer – Ed Van Eenoo

Mr. Ed Van Eenoo was appointed Chief Financial Officer on December 6, 2020 and oversees the City's Building Services Department, Financial Services Department, and Fleet Mobility Services Department. Prior to his appointment as Chief Financial Officer, Mr. Van Eenoo served as Deputy Chief Financial Officer for eight years and as the Budget Officer at the City for four years. Before joining the City, he spent nine years with the City of Chula Vista, including time as a Fiscal and Management Analyst, Assistant Director of Budget and Analysis, and four years as the Director of Budget and Analysis. Mr. Van Eenoo received a Bachelor of Science degree in Economics from The University of Eastern Michigan and a Master of Science degree in Applied Economics from Virginia Tech University.

Deputy Chief Financial Officer – Diana Thomas

Ms. Diana Thomas currently serves as Deputy Chief Financial Officer, where she oversees the Financial Systems & Information Technology, Support Services, and Telecommunications & Regulatory Affairs programs within the Financial Services Department. She was appointed to the Deputy Chief Financial Officer position in June 2021 after serving as the City's Controller from 2008 to 2021. Ms. Thomas started her career with the City in 1992 and has held various financial positions during her tenure. In 2006, she led the implementation of the City's new financial system. Ms. Thomas received her Bachelor of Business Administration degree in Finance from the University of Texas at Austin and is a licensed CPA in the State.

Deputy Chief Financial Officer – Kimberly Olivares

Ms. Kimberly Olivares currently serves as Deputy Chief Financial Officer and oversees Real Estate, Treasury, strategic facility delivery (P3s), tax increment reinvestment zone (TIRZ), and public improvement district (PID) financing. Ms. Olivares joined the City in 2003 and has held positions in the City Manager's Office, Public Works Department, and Financial Services Department. Previously, she was the Chief Performance Officer leading the City's commitment to instilling a culture of continuous learning and improvement throughout the organization through strategic plan organizational alignment and culture change, performance measurement and data analytics, and process improvement consulting. Ms. Olivares was also the Deputy Budget Officer for the City, managing the capital improvement program financial services, Budget Office information technology support team, and performance measurement program. She received a B.A. from the University of Notre Dame, a Master of Public Affairs degree

from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, and a Master of Business Administration degree from St. Edward's University. Ms. Olivares has also worked for the City of Southlake, Texas, and the City of Tampa, Florida. As a representative of the City, she is very active with the Government Finance Officers Association and serves as the Chair of its Committee on Economic Development and Capital Planning.

Services Provided by the City

The City's major activities include police and fire protection, emergency medical services, parks and libraries, public health and social services, planning and zoning, general administrative services, solid waste disposal and maintenance of bridges, streets and storm drains. The City owns and operates several major enterprises including electricity (Austin Energy), water and wastewater (Austin Water), airport (Austin-Bergstrom International Airport) and two public event facilities.

Employees

Municipal employees are prohibited from engaging in strikes and collective bargaining under State law. An exception allows fire and police employees to engage in collective bargaining (but not the right to strike) after a favorable vote of the electorate. The voters have approved collective bargaining for fire fighters but not for police officers. Approximately 15% of the City's employees are members of the American Federation of State, County, and Municipal Employees, 8% are members of the American Police Association and 7% are members of the International Association of Fire Fighters.

The City does not have automatic escalators in payroll or in its retirement systems. The retirement systems may grant cost-of-living increases up to 6% for municipal employees and a percentage based on the amount of increase in the Consumer Price Index for the firefighters, but only if recommended by an independent actuary and approved by the retirement boards.

Annexation Program

Chapter 43 of the Texas Local Government Code regulates annexation of property by State municipalities. Under current state law, landowner and/or voter approval is required as part of the process for the annexation of territory into a city. The process varies depending on the characteristics of the area being considered for annexation, generally involving a petition from each landowner, a petition signed by registered voters and owners of land in the area, or an election at which qualified voters approve the proposed annexation. Additionally, the process involves staff review, development of a written service agreement (or regulatory plan for a limited purpose annexation), notification, publication of a newspaper notice, public hearings, and ordinance approval.

Upon approval, the City provides a wide range of services to the annexed area – police and fire protection, emergency medical services, solid waste collection, and maintenance of public facilities such as water and wastewater, roads, streets, and parks. Failure to provide municipal services in accordance with the service plan may provide grounds for a petition and court action to compel compliance with the service plan or to disannex the area, and may also result in a refund of taxes and fees collected for services not provided. The City has never been forced to disannex due to such failure.

Some of the areas which may be considered for annexation include developed areas for which water, sewer, and drainage services are being provided by utility districts created for such purposes. Existing utility districts, as well as new districts that may be created from time to time, may issue bonds for their own improvements. Such bonds are generally payable from the receipts of ad valorem taxes imposed by the district and, in some cases, are further payable from any net revenues derived from the operation of its water and sanitary sewer systems. State law generally requires that if a city annexes a district, then the district must be annexed in its entirety. Upon annexation by a city, a district is dissolved and the city assumes the district's outstanding bonds and other obligations. The City then levies and collects ad valorem taxes on taxable property within the corporate limits of the City, including the districts, sufficient to pay the principal of and interest on such assumed bonds.

The City also assumes liabilities when it annexes land in an Emergency Services District ("ESD") and that land is disannexed from the ESD. This liability, however, is limited to assumption of a pro-rata share of debt and assumption of those facilities directly used to provide service to the area.

The City Charter and the State’s annexation laws provide the City with the ability to undertake two types of annexation. “Full purpose” annexation discussed above, annexes territory into the City for all purposes, including the assessment and collection of ad valorem taxes on taxable property. The second type of annexation is known as “limited purpose” annexation by which territory may be annexed for the limited purposes of “Planning and Zoning” and “Health and Safety.” Territory so annexed is subject to ordinances relating to these purposes: chiefly, the City’s zoning ordinance, building code, and related ordinances regulating land development. Taxes may not be imposed on property annexed for a limited purpose because municipal services are not provided and residents of the area are restricted to voting only in City elections for City Council and Charter amendments.

Annexations – Table Twelve

The following table sets forth (in acres) the City’s annual annexations since 2013.

<u>Calendar Year</u>	<u>Full Purpose Acres</u> ⁽¹⁾	<u>Limited Purpose Acres</u>
2013	3,484	594
2014	897	136
2015	1,911	3
2016	311	0
2017	1,283	0
2018	136	0
2019	185	166
2020	65	0
2021	92	243
2022	5,526	51
2023	12	0

(1) Includes acres converted from limited purpose to full purpose status.

Recent Annexation

In 2023, as of August, Austin annexed 12 acres at the request of property owners’ request for full-purpose jurisdiction. The single annexation case was greenfield development proposed for high-density multifamily housing.

In 2022, the City annexed 5,526 acres at the request of property owners, of which 5,475 acres were full-purpose annexations and 51 acres were limited purpose annexations. The largest full purpose annexations were for City owned water quality protection lands, which totaled approximately 5,100 acres.

In 2020 and 2021, the City conducted full purpose annexations of greenfield land at the request of the land owners. The 157 acres annexed during this time were proposed for development as residential and light industrial uses. In 2019, the City annexed for limited purposes several recently acquired and vacant outparcels located in the Pilot Knob MUD development project. Additionally, at the landowner’s request, the City annexed for full purposes a 126-acre undeveloped parcel that the landowner plans to develop into a corporate campus.

In 2018, the City annexed and dissolved the Cascades MUD No. 1 at the request of the property owner. At the time of annexation, the area was undeveloped and the MUD had not issued any debt. The property owner determined that the proposed Cascades at Onion Creek subdivision could be developed as originally planned without the need for a MUD and the City agreed to annex and dissolve the MUD. The taxable assessed value (“TAV”) at the time of annexation was \$584,827.

The largest of the 2017 annexations was the River Place MUD area, which converted approximately 1,040 acres from the City’s limited purpose jurisdiction to full purpose. This area included an estimated population of approximately 3,125 persons. In addition, the City annexed several commercial properties in south Austin. The total TAV for these areas at the time of annexation was \$697.2 million.

The City’s 2016 annexation program included the full purpose annexation of five areas containing approximately 311 acres. With the exception of a small amount of office/warehouse/commercial uses, these areas were largely undeveloped at the time of annexation. Approved development plans include an additional 651 single-family homes and 97 multi-family units. The TAV for these areas at the time of annexation was approximately \$19.3 million.

In 2015 the City annexed eleven areas for full purposes and one area for limited purposes. These areas included an estimated total population of approximately 3,912 persons, mainly within the Lost Creek subdivision. Approved development plans for the remaining areas include an additional 1,944 single-family homes. The TAV for these areas at the time of annexation was approximately \$25.4 million.

Future Annexation

Annexations continue to be considered at the request of property owners. No large-scale annexations are currently scheduled in the near future.

Pension Plans

The City has three contributory defined benefit retirement plans for its general municipal, fire, and police employees. These three plans include the City of Austin Employees' Retirement System ("COAERS"), the City of Austin Police Retirement System (the "Police Retirement System") and the City of Austin Fire Fighters Retirement Fund (the "Fire Fighters Retirement Fund"). These plans are single employer funded plans each, with a fiscal year end of December 31. The three retirement plans cover substantially all full-time employees. The contributions made by the City to the COAERS include amounts allocable to the City employees within Austin Energy, Austin Water, and the City's Department of Aviation ("Aviation"); the contributions allocable to such employees are paid from gross revenues of the respective systems and constitute operating expenses of Austin Energy, Austin Water, and Aviation.

As of October 1, 2022, municipal employees contribute 8.0% and the City contributes 19.0% of payroll. Effective January 1, 2024, municipal employees' contributions to COAERS will increase to 9.0% and the City's contribution to COAERS will decrease to the actuarially determined amount of 8.68%. In addition, the City will also contribute according to a fixed payment plan established to eliminate the unfunded legacy liability existing as of December 31, 2022 over a 30 year period. The fiscal year 2024 budgeted amount related to the unfunded legacy liability payment is \$76.1 million.

As of October 1, 2022, police officers contribute 15.0% and the City contributes 10.10% of payroll to the Police Retirement System. Effective January 1, 2024, the City's contribution will decrease to 9.59%. The City also contributes according to a fixed payment plan established to eliminate the legacy liability existing as of December 31, 2020 over a 30-year period. The fiscal year 2024 budgeted amount related to the unfunded legacy liability payment is \$40.7 million.

As of October 1, 2022, Fire fighters (who are not members of the Social Security System) contribute 18.7% of payroll, and the City contributes 22.05% to the Fire Fighters Retirement Fund.

As of December 31, 2022, the amortization period of the unfunded actuarial accrued liability was 34 years for the COAERS, 30 years for the Police Retirement System, and 35.7 years for the Fire Fighters Retirement Fund.

The City's net pension liability was measured as of December 31, 2022 for each of the City's three pension plans. Information on the liabilities and funding measurements of each plan is discussed below.

City of Austin Employees' Retirement System (COAERS). The members of the COAERS include City civilian and EMS employees as well as pension system employees. The COAERS provides plan members with a monthly pension payment derived from a predetermined formula based on length of service, salary history, and payout options. There are two groups in this plan with a vesting period of five years for both plans. Employees hired prior to January 1, 2012 are eligible to retire at any age after 23 years of service, at age 55 with 20 years of service, or at 62 with 5 years of service. The annual retirement benefit is calculated by multiplying the number of years of service by the average of the three highest earning years out of the last 10 years worked; this amount is then multiplied by 3%. Employees hired on or after January 1, 2012, follow a similar structure with modified factors: retirement eligibility occurs at age 62 with 30 years of service, or at 65 with 5 years, and the multiplier is 2.5%. The plan changes creating the second group were implemented to address long-term structural imbalances in the plan.

As of December 31, 2022, the COAERS reported a total net pension liability of \$2.9 billion, of which \$585.2 million is allocable to Austin Energy, \$322 million is allocable to Austin Water, and \$109.4 million is allocable to Aviation. The COAERS' fiduciary net position as a percentage of the total pension liability was 50.3%. The actuarial accrued liability for the COAERS as of December 31, 2022, was \$5.3 billion and the funded ratio was 64.1%. As of December

31, 2021, the COAERS reported a net pension liability of \$1.5 billion with a plan fiduciary net position as a percentage of the total pension liability of 70.9%. The actuarial accrued liability for the COAERS was \$5.0 billion and the funded ratio was 66.0%. In plan year 2021, COAERS changed the actuarial investment return assumption from 7.00% to 6.75%. The assumptions and methods used are the same used in prior year valuation.

In 2023, legislation was passed in the 88th Texas Legislature (“SB 1444”) to address COAERS’ liabilities and place it on an actuarially sound path. SB 1444, as passed by the Texas Legislature and signed by the Governor, includes the following reforms which will take effect on January 1, 2024:

- Increases employee contributions from 8% to 10%;
- Increases City contributions pursuant to an actuarially determined funding model including a carve out of the legacy liability into a separate payment over 30 years;
- Establishes an actuarially determined contribution model to replace the current fixed contribution model;
- Eliminates the authority of the COAERS Board to unilaterally provide cost of living adjustments or to change member benefits; and
- Modifies the COAERS Board of Trustees governance structure, replacing one active member seat with one City appointed seat.

After passage of SB 1444 in the 88th legislative session, the system’s actuary performed a Risk Sharing Valuation Study (RSVS) as of December 31, 2022 to establish the Legacy Liability and City actuarially determined contribution rates. After the legislative changes, the unfunded actuarial accrued liability for COAERS as of RSVS December 31, 2022 is \$1.9 billion with a 30 year amortization schedule for payment of the Legacy Liability.

Police Retirement System. The members of the Police Retirement System include all cadets, upon enrollment in the Austin Police Academy, commissioned law enforcement officers employed by the City’s Police Department, and full-time employees of the Police Retirement System. The Police Retirement System provides retirement, death, and disability benefits to plan members and their beneficiaries.

In 2021, legislation was passed in the 87th Legislature to address the Police Retirement System’s liabilities and place it on an actuarially sound path. The legislative reforms to the Police Retirement System, which took affect on January 1, 2022, included:

- Established a new benefit tier for new sworn police officers with the following benefit parameters:
 - a 2.5% multiplier;
 - retirement eligibility at age 50 and 25 years of service; and,
 - average salary calculated on the highest 60 months;
- Increased employee contributions from 13% to 15%;
- Increased City contributions to cover the legacy unfunded liability as of December 31, 2020;
- Established an actuarially determined contribution model to replace the current fixed contribution model;
- Eliminated the authority of the Police Retirement System Board to unilaterally provide cost of living adjustments, change member benefits or member contribution rates; and
- Reformed the governance structure by replacing one active member seat to a citizen seat appointed by City Council.

The Police Retirement System provides plan members with a monthly pension payment derived from a predetermined formula based on length of service, salary history, and payout options. Benefits are vested after 10 years. For employees hired prior to January 1, 2022, benefits are based on the years of service times the highest 36 months of salary in the last 10 contributing years of service. A multiplier of 3.2% is applied to the years of service. Eligibility occurs with 23 years of creditable service, at age 55 with 20 years of service, or at age 62. For employees hired on or after January 1, 2022, the years of service times is increased to the 60 highest months, the multiplier is decreased to 2.5%, and eligibility is at age 50 with 25 years of service or at age 62.

As of December 31, 2022, the Police Retirement System reported a net pension liability of \$756.9 million for the 2022 plan year, which is an increase from the \$544.5 million net pension liability reported for the prior 2021 plan year. The fiduciary net position as a percentage of the total pension liability decreased to 55.2% for the 2022 plan year from 66.5% in the prior year. There were no changes to the actuarial assumptions and methodology during the most recent plan year. The Police Retirement System adopted changes to certain plan assumptions in May 2019, based on an experience study conducted in 2019, including a reduction to the investment return assumption (from 7.75% to 7.25%),

a reduction of payroll growth assumption and adoption of a new mortality table. The assumption changes, among other contributing factors, resulted in a decrease in the funded ratio and an increase in the amortization period from 35 years in 2017 to infinite in 2018. Additionally, the use of a lower, blended discount rate – as required by GASB guidelines – contributed to the increase in the net pension liability. A full description of the assumptions for the Police Retirement System is available in the actuarial reports available on its website.

The actuarial accrued liability for the Police Retirement System as of December 31, 2022 was \$1.7 billion and the funded ratio was 60.1%. The actuarial accrued liability for the Police Retirement System as of December 31, 2021 was \$1.6 billion and the funded ratio was 60.2%.

Fire Fighters Retirement Fund. The members of the Fire Fighters Retirement Fund include commissioned firefighters and State-certified employees of the Fire Department. Members are eligible to retire at 50 years of age with at least 10 years of service credit or with at least 25 years of service credit at any age. Retirement benefits are paid in the form of a monthly life annuity based on years of service times the highest 36 months of salary during the member's contributing years of service. The multiplier for the Fire Fighter Retirement is 3.3%. The Fire Fighters Retirement Fund also provides early retirement options.

As of December 31, 2022, the Fire Fighters Retirement Fund reported a net pension liability of \$278.3 million, with a plan fiduciary net position as a percentage of the total pension liability of 80.0%. The actuarial accrued liability for the Fire Fighters Retirement Fund was \$1.4 billion and the funded ratio was 86.9%. As of December 31, 2021, the Fire Fighters Retirement Fund reported a net pension liability of \$11.8 million and plan fiduciary net position as a percentage of the total pension liability of 99.1%. The actuarial accrued liability for the Fire Fighters Retirement Fund as of December 31, 2021 was \$1.3 billion and the funded ratio was 89.6%.

The Fire Fighters Retirement Fund assumption changes used in the 2022 actuarial valuation, included use of the base PubS-2010 mortality table with fully generational improvement, and a change to a more conservative Deferred Retirement Option Plan (“DROP”) period assumption that assumes members will elect the DROP period that maximizes the value of their benefit and reflects any applicable previously granted COLAs. There was no cost of living adjustment granted for 2023.

The financial statements for each plan are accessible on their respective websites. See “APPENDIX B – AUDITED FINANCIAL STATEMENTS – Note 10” in this document for additional information on the City's Pension Plans. Also, see Note 10 of the City's Annual Comprehensive Financial Report for their web addresses.

Other Postemployment Benefits (“OPEB”)

In addition to the contributions made to the three pension systems, the City provides certain other postemployment benefits (“OPEB”) to its retirees. The City's OPEB plan is a defined-benefit single-employer plan. Allocation of City funds to pay OPEB other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis. The City is under no obligation to pay any portion of the cost of OPEB for retirees or their dependents.

OPEB include access to medical, dental, and vision insurance for the retiree and the retiree's family and \$1,000 of life insurance on the retiree only. All retirees who are eligible to receive pension benefits under any of the City's three pension systems are eligible for OPEB. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate.

Day-to-day accounting and administration of OPEB activities are provided by the City and recorded in the Employee Benefits Fund. However, at year end an adjustment is made to recognize OPEB expenses in the operating funds that provide funding to the Employee Benefits Fund to pay for the City's portion of these benefits. No separate plan report is available.

The City subsidizes between 16% and 80% of the projected medical premium for retirees and a lesser portion for dependents and surviving spouses depending on years of service at retirement. The retiree must pay the unsubsidized portion of the premium. Both the City and retirees' estimated premiums are deposited in the Employee Benefits Fund, which pays actual claims for medical and prescription drugs and 100% of the retiree's basic life insurance premium. The cost of coverage above the \$1,000 level for life insurance premium is paid by the retiree. Group dental and vision

coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental and vision premium.

The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The City funds its OPEB liabilities on a pay-as-you-go basis. The pay-as-you-go cost of providing medical and life benefits was \$57.6 million in fiscal year 2021 and \$47.8 million in fiscal year 2020.

The City commissions a biennial actuarial valuation of its OPEB liability with a roll-forward prepared in the year in which there is no formal valuation. As of the most recent December 31, 2021 biennial actuarial valuation date, the City's total OPEB liability decreased to \$4.25 billion from \$4.35 billion as of the actuarial valuation (roll forward) measured as of December 31, 2020. The decrease in the total OPEB liability was the net effect of several factors. The primary factor was an updated assumption of the valuation-year per capita health costs based on claim experience through December 31, 2021, which decreased the total liability. This decrease was partially offset by liability increases caused by an actuarial experience loss which resulted from demographic changes and actual contributions/benefit payments being different than expected as well as the lowering of the discount rate from 2.12% to 2.06%.

See "APPENDIX B – AUDITED FINANCIAL STATEMENTS – Note 11" in this document for additional information on the City's OPEB.

Insurance

The Liability Reserve Fund is the insurance fund of the City for settled claims, expenses, and reserves relating to third party liability claims for injury and property damage, including professional liability. The Liability Reserve Fund is used to pay for actual claims incurred and related expenses for settling these claims, for budgeted administrative costs for the fund's operations, and to estimate incurred, but not reported claims. The Liability Reserve Fund had accrued liabilities of approximately \$11.8 million for claims and damages at the end of fiscal year 2022. Employee injuries are covered by the City's Workers' Compensation Fund and health claims are covered by the City's Employee Benefits Fund. The accrued liabilities for certain claims and expenses for enterprise funds of the City are funded separately, from funds of the respective enterprise systems.

ENTERPRISE FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Position

The Enterprise Funds account for the activities of the City that render services on a user charge basis to the general public. Set forth on pages B-32 and B-33 of APPENDIX B in this document is a summary of the revenues, expenses, transfers and net position of the City's enterprise funds for the year ended September 30, 2022.

Electric Utility and Water and Wastewater System Transfers to the General Fund

The City owns and operates an electric utility system (also referred to in this document as the "Electric Utility System" or "Austin Energy") and a water and wastewater system (also referred to in this document as the "Water and Wastewater Utility" or "Austin Water") which provide the City, as well as adjoining areas of Travis County and certain adjacent areas of Williamson County, with electric, water and wastewater services. The City jointly participates with other electric utilities in the ownership of coal-fired electric generation facilities and a nuclear powered electric generation facility. Additionally, City individually-owned gas/oil-fired electric facilities and a biomass generation facility are available to meet Electric Utility System demand. The City owns all the facilities of the Water and Wastewater System. For the fiscal year commencing October 1, 2022, the Electric Utility System had approximately 1,897 full-time regular employees and the Water and Wastewater Utility had approximately 1,314 full-time regular employees.

Austin Energy and Austin Water each annually transfer revenue to the General Fund; the utility fund transfers have historically provided a significant percentage of the receipts for operation of the General Fund. In fiscal year 2023, the total transfers from the utility systems represented 11.7% of total General Fund revenue, with 8.1% from Austin Energy and 3.6% from Austin Water. Revenue transfers from Austin Energy and Austin Water to the City's General Fund are annually recurring, formula-based appropriations, although the amount of future utility system appropriations could be modified by City Council action.

CONTINUING DISCLOSURE OF INFORMATION

In each Ordinance, the City has made the following agreement for the benefit of the Holders and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) information system.

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in the main text of this Official Statement within the tables numbered one through twelve and in APPENDIX B. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The City will update and provide this financial information and operating data as of the end of each fiscal year within six months after the end of each fiscal year, beginning with the fiscal year ending in 2023 and audited financial statements within 12 months of each fiscal year beginning with the fiscal year ending in 2023. If audited financial statements are not available within 12 months after any such fiscal year end, the City will provide unaudited financial statements within such 12-month period and audited financial statements for such fiscal year when and if the audit report on such statements becomes available. The City will provide the updated information to the MSRB through EMMA.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 (the “Rule”), promulgated by the United States Securities and Exchange Commission (the “SEC”).

The City’s current fiscal year is October 1 to September 30. Accordingly, it must provide updated financial information and operating data by March 31 of each year (six months after the current fiscal year end of September 30) and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available as described above) by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

Disclosure Event Notices

The City will notify the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the event, of any of the following events with respect to the Obligations: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City or obligated person; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor trustee or change in the name of the trustee, 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 a Financial Obligation of the City, any of which affect Obligation holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. The City will notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data by the time required by each Ordinance, as applicable. Neither the Obligations nor the Ordinances make any provision for debt service reserves or liquidity enhancement.

As used in clause (12) above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. 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 jurisdiction has been assumed by leaving the City Council and officials or officers of the City 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. As used in clause (15) and clause (16) above, the term “Financial Obligation” means: (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that “Financial Obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term “Business Day” means a day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located.

Availability of Information

In connection with its continuing disclosure agreement entered into with respect to the Obligations, the City will file all required information and documentation with the MSRB in electronic format and accompanied by such identifying information as prescribed by and in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

The City may amend its continuing disclosure agreement for any series of Obligations from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell such Obligations in the offering described in this document in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the respective series of outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of such series of Obligations. The City may also amend or repeal the provisions of its continuing disclosure agreement for any series of Obligations if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling such Obligations in the primary offering of such series of Obligations. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “CONTINUING DISCLOSURE OF INFORMATION - Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

TAX MATTERS

Opinion

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

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

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

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. 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 Obligations.

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

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the Obligations may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Obligations”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Obligations less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond 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 Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond 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 Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Obligations and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond 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 Bond.

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

Collateral Federal Income Tax Consequences

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

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

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

Interest on the Obligations may be includable in certain 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 Obligations, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Obligations, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such Obligations; 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 Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

VERIFICATION OF MATHEMATICAL CALCULATIONS

Robert Thomas, CPA, LLC, a firm of independent certified public accountants, upon delivery of the Bonds, will deliver to the City its report indicating that it has examined the mathematical accuracy of computations prepared by PFM relating to the sufficiency of the payments on the Escrowed Securities and cash to be deposited in the Escrow Fund.

The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it and that it has no obligation to update its report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

OTHER RELEVANT INFORMATION

Ratings

Each series of Obligations has received ratings of "___" (stable outlook) from S&P Global Ratings, a division of S&P Global Inc. ("S&P"), and "AA+" (stable outlook) from Fitch Ratings, Inc. ("Fitch"). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of one or all such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or by any one of them, may have an adverse effect on the market price and marketability of the Obligations. Except as provided under "CONTINUING DISCLOSURE OF INFORMATION – Disclosure Event Notices" in this document, the City will undertake no responsibility to notify the owners of the Obligations of any such revisions or withdrawal of ratings.

Litigation

A number of claims against the City, as well as certain other matters of litigation, are pending with respect to various matters arising in the normal course of the City's operations. The City Attorney and City Management are of the opinion that resolution of the claims pending (including the matter described below) will not have a material effect on the City's financial condition.

Electric Utility System Litigation

On May 3, 2017, Data Foundry, Inc., filed a lawsuit against the City (Cause No. D-1-GN-17-000937 in the 419th Judicial District Court of Travis County, Texas), alleging that the ERCOT nodal market design disqualifies the City's electric generation assets from being considered as used and useful for the purpose of establishing rates for electric service to the City's retail customers, and otherwise challenging the reasonableness of the City's rate of return and debt service coverage levels. The lawsuit seeks declaratory relief that the City's current retail electric rates are unlawful due to the inclusion of costs and return related to generation assets, and seeks a permanent injunction against the City's establishing electric rates that include costs and return related to generation assets and operations. The case was dismissed by the trial court on November 27, 2017 on the basis that the plaintiff lacked standing to bring a lawsuit challenging the City's rates. Data Foundry appealed the trial court's decision to the 14th Court of Appeals in Houston (Cause No. 14-18-00071-CV). On April 23, 2019, the appellate court partially upheld the trial court's dismissal of the case, holding that the City's inclusion of generation costs in retail rates was proper and dismissing other claims, but remanded the remainder of the case on the grounds that municipal utility ratepayers have general standing to bring suit alleging the excessiveness of utility rates on certain grounds. On April 9, 2021, the Texas Supreme Court in Cause No. 19-0475 reversed the Court of Appeals and remanded the case in its entirety back to the trial court. On December 29, 2022, the trial court dismissed this case by the agreement of the parties.

Additionally, the Electric Utility System has been served in numerous property damage lawsuits, including class action lawsuits, and one wrongful death lawsuit, relating to outages caused by the 2021 Weather Event. A number of these lawsuits were filed in early 2023, prior to the expiration of the statute of limitations for such claims (two years after the 2021 Weather Event). See "TEXAS WINTER WEATHER EVENTS" in this document. These cases are pending in the multi-district litigation proceeding in Cause No. 2021-18513 in the 215th District Court of Harris County, Texas.

Registration and Qualification

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

Legal Investments and Eligibility to Secure Public Funds in Texas

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Obligations are (i) negotiable instruments, (ii) investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (iii) legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State. The Obligations are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the PFIA, the Obligations may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Obligations for any of the foregoing purposes or limit

the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. The City has made no review of laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

Legal Matters

The delivery of each series of the Obligations is subject to the approval of the Attorney General of Texas to the effect that such Obligations are valid and legally binding obligations of the City payable from the sources and in the manner described in this document and in the respective Ordinances and the approving legal opinions of Bond Counsel. The forms of Bond Counsel's opinions are attached to this document in APPENDIX C. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent upon the sale and delivery of the Obligations. In addition, certain legal matters will be passed upon (i) for the City by Bracewell LLP, disclosure counsel for the City, and (ii) for the Underwriters by Orrick, Herrington & Sutcliffe LLP, counsel to the Underwriters.

Bond Counsel was not requested to participate, and did not take part, in the preparation of this Official Statement, and such firm has not assumed any responsibility for this Official Statement or undertaken independently to verify any of the information contained in it, except that, in their capacity as Bond Counsel, such firm has reviewed the information in this Official Statement under the captions, "OBLIGATION INFORMATION" (except for the information under the subheadings "Sources and Uses of Funds," "Remedies" and "Book-Entry-Only System"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION," "OTHER RELEVANT INFORMATION – Registration and Qualification," "OTHER RELEVANT INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER RELEVANT INFORMATION – Legal Matters," and in APPENDIX C to verify that the information relating to the Obligations and the Ordinances in all respects accurately and fairly reflects the provisions thereof and, insofar as such information relates to matters of law, is true and accurate.

The legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues expressly addressed in those opinions. 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 from the transaction.

Financial Advisor

PFM Financial Advisors LLC ("PFM"), Austin, Texas, is employed as Financial Advisor to the City in connection with the issuance, sale and delivery of the Obligations. The payment of the fee for services rendered by PFM with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. PFM, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the bond documentation with respect to the federal income tax status of the Obligations.

Independent Auditors

The financial data listed as fiscal year 2023 has been derived from the unaudited internal records of the City. The City's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor the forward-looking financial information, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited financial information. The unaudited information is preliminary and is subject to change as a result of the audit and may differ from the audited financial statements when they are released.

The financial statements of the City included in APPENDIX B to this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, to the extent and for the period indicated in their report.

Underwriting

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Bonds from the City at a price equal to the initial offering prices/yields shown on page ii of this Official Statement, less an underwriting discount of \$_____. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Certificates from the City at a price equal to the initial offering prices/yields shown on page ii of this Official Statement, less an underwriting discount of \$_____. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Contractual Obligations from the City at a price equal to the initial offering prices shown on page iii of this Official Statement, less an underwriting discount of \$_____. The Underwriters will be obligated to purchase all of the Contractual Obligations if any Contractual Obligations are purchased. The Contractual Obligations may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Piper Sandler & Co., an underwriter of the Obligations, has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings including the Obligations, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Obligations from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Obligations that CS&Co. sells.

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 included in this document 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.

Authenticity of Financial Data and Other Information

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

Approval of the Official Statement

This Official Statement, and the execution and delivery of this Official Statement, was approved and authorized by each of the Ordinances adopted by the City Council on August 31, 2023.

/s/

Mayor
City of Austin, Texas

ATTEST:

/s/

City Clerk
City of Austin, Texas

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

GENERAL INFORMATION

The City of Austin (the “City”), chartered in 1839, has a Council-Manager form of government with a Mayor who is elected at large and ten Council members who are elected by geographic district. The districts, drawn by an independent citizen’s commission, are to be adjusted after each U.S. census. Following results of the 2020 Census, the Independent Citizens Redistricting Commission presented a certified map to City Council in October 2021 and the new geographic districts were implemented in 2022. The City’s elected officials serve four-year staggered terms subject to a maximum of two consecutive terms. The City Manager, appointed by the City Council, is responsible to the City Council for the management of all City employees, except City Council appointees, and for the administration of all City affairs.

Austin, the capital of Texas, is the fourth most populous city in the state (behind Houston, San Antonio, and Dallas) and the eleventh largest in the nation with a September 2022 population of 981,610 according to the City’s estimates. Geographically, Austin consists of approximately 327 square miles. The current estimated median household income for Austin residents is \$80,412 according to Nielsen Site Reports and Austin’s per capita personal income is estimated to be \$77,500 an 8.6% increase over 2021.

Austinites know that despite tremendous growth, Austin remains a very special place to live. Austin’s special character in part derives from its diverse population, the unique beauty afforded being at the foothills of the hill country, as well as its reputation as a welcoming and collaborative community. Austin consistently ranks high in the U.S. News & World Report list of best places to live and ranked 13th for the 2022-2023 list. For quality of life, Austin ranked 4th in the US and 8th worldwide in a quality-of-life index based in part on purchasing power, safety, health care, and pollution and climate.

Higher education is a significant aspect of life in the Austin area which is host to six universities, a robust community college system, and numerous other institutions of higher learning. The University of Texas at Austin (UT), a world-class center of education and research, consistently ranks in the top 10 largest public universities in the U.S. in terms of undergraduate enrollment. In the 2022 U.S. News & World Report Best Colleges survey, the university ranks tenth (tied) among public universities and its business programs were ranked fifth (tied) among national universities, both public and private. Also in a new global ranking, UT placed 43rd and was the top school in Texas.

Major Initiatives

Imagine Austin – Imagine Austin, a comprehensive plan for the City’s future approved by City Council in June 2012, sets a context to guide decision-makers for the next 20 years. The plan adheres to six core principles established in collaboration with Austin citizens:

- Grow as a compact, connected city
- Integrate nature into the City
- Provide paths to prosperity for all
- Develop as an affordable and healthy community
- Sustainably manage water, energy, and other environmental resources
- Think creatively and work together

Strategic Plan – In the spring of 2018, the City Council adopted a strategic plan, Strategic Direction 2023, to provide a shared vision for the City for the next three to five years. Strategic Direction 2023 was inspired by Imagine Austin, which laid out a 30-year vision for the City. Six priority strategic outcomes were identified to help develop and guide City policies, initiatives, and budget development. The six outcomes are:

- Mobility;
- Economic Opportunity and Affordability;
- Safety;

- Health and Environment;
- Culture and Lifelong Learning; and
- Government that Works for All.

As a result of the Strategic Direction 2023 effort, prior annual budgets underwent significant modification to present departmental expenditure plans and measures affecting these six outcomes, as well as to structure the City's organizational reporting hierarchy.

On September 30th, 2023, the City's prior strategic planning process, known as Strategic Direction 2023 (SD23), will reach its scheduled conclusion. As SD23 nears its conclusion, development of a new City-wide strategic plan is underway. The new strategic plan will update the former outcome-based model and realign the organization around new categories designed to be applied in future budget development processes.

The new strategic plan goals are organized around seven new categories rather than the six outcome areas utilized in SD23 and presented in prior budgets.

1. Community Health & Resilience
2. Economic & Workforce Development
3. Equitable Service Delivery
4. Homelessness & Housing
5. Mobility & Critical Infrastructure
6. Organizational Excellence
7. Public Safety

FINANCIAL INFORMATION

Internal Controls

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Financial Policies

The City adopted a comprehensive set of Financial Policies to ensure that the City's financial resources are managed in a prudent manner and to provide a foundation for financial sustainability. Compliance with these policies is reviewed annually as part of the budget process. The policies and results of the review are published in the Approved Budget document. An important element of the policies dictates that current revenue will be sufficient to support current expenditures (defined as "structural balance"). Assigned and unassigned fund balances in excess of what is required shall normally be used to fund capital items. The City maintains the goal of a structurally balanced budget to achieve long-term financial stability for the City.

Long-term Financial Planning

Austin leaders are continually looking toward and planning for the future. A key City financial policy requires annual preparation of a five-year financial forecast projecting revenues and expenditures for all operating funds. This forecast is used as a tool to develop the following year's operating budget. In addition, the City annually prepares a five-year Capital Improvement Project (CIP) Plan that outlines all capital projects in progress, those that will be implemented in the five-year horizon, and related funding sources. Such an approach assists in aligning the City's CIP investments with the Imagine Austin Comprehensive Plan and the Council's strategic priorities as the City strives to strike a balance between ongoing capital needs necessary to maintain services for a rapidly growing community and strategic investments that support community priorities. City departments prepare a number of other long- and mid-range service plans that provide input into decisions made in the planning and budgeting process. These plans range from clean energy and climate protection to strategic mobility planning. Maintaining sound financial and economic development policies within the City organization allows for a high level of services to the community. It also results in positive bond ratings, which measures the City's ability to repay its debt. A strong bond rating allows for lower interest expense. The City's bond ratings for general obligation bonds remained AAA, the highest rating available, for S&P Global Ratings and AA+ for Fitch Ratings, Inc. In June 2022, Fitch Ratings downgraded Austin Energy's revenue bond rating to AA- from AA with a stable rating outlook. In their analysis, Fitch cited increasing leverage over the past three years, driven by weaker operating cash flows and the purchase of Nacogdoches Power, LLC in 2019. In August 2022, S&P Global Ratings followed suit with the same downgrade to Austin Energy's revenue debt. In 2022, the airport received a rating increase from S&P Global Ratings upgrading the Airport's credit rating to A+ from A citing 'increased demand and strong service area economy.'

Budgetary Control

The annual operating budget is proposed by the City Manager and approved by the City Council after public discussion. Annual budgets are legally required for the General Fund, debt service funds, and certain special revenue funds. While not legally required, annual budgets are also adopted for the enterprise and internal service funds. Annual updates to the Capital Improvements Program budgets follow a similar process. Multi-year budgets are adopted for capital projects and grant funds.

Throughout the year, primary responsibility for fiscal analysis of budget to actual expense or revenue and overall program fiscal standing rests with the department operating the program. The City Manager is authorized to transfer appropriation balances within a department of the City. The City Council must approve amendments to the budget and transfers of appropriations from one department to another. As demonstrated by the statements and schedules included in the 2022 Annual Comprehensive Financial Report, the City continues to meet its responsibility for sound financial management.

Budgetary Information

With stronger economic growth following the pandemic, the fiscal year 2023 Budget allowed for a greater focus on employee retention. Council approved a 4% across the board civilian wage increase, the highest in more than two decades. Council also approved an increase to the Living Wage from \$15 per hour to \$20 per hour, the largest increase in entry pay ever enacted at the City. The budget development process integrates a collaborative approach to the City's finances with business planning, performance measurement, and resident input. By organizing around City Council identified strategic outcomes, the document focuses more on the bigger picture and less on the details of departmental expenditures. Although this year's budget development process was also largely remote, input was gathered and evaluated to address the issues, concerns, and priorities identified by Austin's citizens, employees, boards and commissions, and Council members. The result is a budget built around the ideals of resiliency, affordability, equity, and inclusivity that dictate the operations of Austin's city government.

The balanced fiscal year 2023 Approved Budget totals \$5.0 billion and includes \$1.3 billion for the General Fund, providing for the continuation of high-quality public safety, health, library, parks, water, energy, infrastructure, development, and other services for the citizens of Austin and visitors. Budgeted revenue comes from utility charges (44%), various taxes, including property and sales tax (31%), charges for services and goods (14%), and other revenue such as interest, fees, and transfers (11%). The fiscal year 2023 budget was approved with a \$7.83 decrease to the property tax rate, from 54.10 to 46.27 cents per \$100 of taxable value. Increases in assessed values and new

construction enabled this reduction. Increases in utility fees for Austin Energy, Austin Resource Recovery and the Transportation User Fee created an overall 3.8% increase to the typical Austin homeowner.

The City's largest enterprise department, Austin Energy, serves just over half a million customers within a service territory of approximately 437 square miles in the Greater Austin area. Austin Energy's approved fiscal year 2023 budget is \$1.6 billion in annual revenues, including transfers. Council approved an increase to the Power Supply Adjustment and Regulatory Charges in October 2022 as a result of increased costs to the utility, predominantly natural gas prices and transmission congestion costs. An increase in base rates is slated to begin in March of 2023. The utility has a diverse generation mix that includes nuclear, coal, natural gas, and an increasing portfolio of renewable energy sources such as solar and wind.

The City's second largest enterprise department is Austin Water, which provides water and wastewater services to more than one million retail and wholesale customers spanning more than 548 square miles within Austin and surrounding areas. The fiscal year 2023 budget projects revenues and transfers in of \$673.2 million. There were no planned changes to water and wastewater rates for fiscal year 2023. Despite increased infrastructure investments, there are no planned changes to water and wastewater rates for fiscal year 2024, largely due to savings the utility was able to achieve through low-interest loan programs and refunding higher interest rate debt.

Estimated Fiscal Year 2023 Results and Fiscal Year 2024 General Fund Budget

Estimated fiscal year 2023 General Fund revenue is expected to surpass budgeted projections by \$23.6 million, as year-end sales tax and interest income are anticipated to exceed projections. Due to this strength in revenue collections, along with expected expenditure savings, the General Fund is currently anticipated to transfer \$53.2 million to its Reserve Fund at the end of fiscal year 2022-23, an amount which exceeds the budgeted transfer of \$24.5 million. General Fund revenue collections are projected to increase moderately in fiscal year 2024, and the approved fiscal year 2023-24 budget increases reserve balances to a new 17% policy target.

The approved fiscal year 2023-24 General Fund budget was prepared in accordance with guidelines provided by the City Council. The City adopted its fiscal year 2023-24 budget at meetings held August 16-17, 2022. At such meetings, the City Council determined that the budget would need more taxes than the current fiscal year provided and adopted an ad valorem tax rate of \$0.4458, which consists of \$0.3577 for maintenance and operations and \$0.0881 for debt service. As part of the budget adoption process, the City Council also authorized the levy and transfer of \$164,990,429 of operations and maintenance taxes to the Austin Transit Partnership to fund Project Connect (see "TAX MATTERS – Austin Transit Partnership" in this document). The revenues transferred to ATP are dedicated exclusively for City-wide transit initiatives and are not available for general operating needs of the City. Also see "TAX INFORMATION – Tax Procedures" in this document. The following is a summary of the adopted fiscal year 2024 General Fund Budget reflecting property tax revenues to be generated from the operations and maintenance tax rate of \$0.3577.

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Beginning Balance, October 1, 2023 (Budget Basis)

Summary of Budgeted General Fund Resources

Revenue:		
General Property Taxes (1)	\$630,466	
City Sales Tax	375,594	
Other Taxes	20,678	
Gross Receipts/Franchise Fees	31,255	
Miscellaneous	122,225	
Total Revenue		1,180,218
Transfers In:		
Electric Revenue	115,000	
Water Revenue	48,982	
Total Transfers In		<u>163,982</u>
Total General Fund Resources		<u>1,344,200</u>

Summary of Budgeted General Fund Requirements

Departmental Appropriations:		
Administrative Services	39,524	
Urban Growth Management	23,238	
Public Safety	726,414	
Public Health and Human Services	267,388	
Public Recreation and Culture	195,232	
Total Departmental Appropriations		1,251,796
Transfers Out & Other Requirements		<u>92,404</u>
Total General Fund Requirements		<u>1,344,200</u>
Use of Beginning Balance		--
Ending Balance		==

Budgeted Reserve Requirements

Emergency Reserve	134,063
Budget Stabilization Reserve Fund	<u>91,446</u>
Total Budgeted Reserve Requirements	<u>225,509</u>

(1) Reflects estimated property tax revenue to be generated from the \$0.3577 tax rate approved by City Council for the General Fund. Does not reflect tax revenue for debt service.

The City’s financial policies regarding General Fund reserves were revised, effective fiscal year 2024, to establish a minimum balance for the General Fund Reserve Fund at 17% of total fund expenditures, an increase from the 14% goal established in 2021. The General Fund Reserve Fund is internally comprised of the (i) Emergency Reserve Fund and (ii) Budget Stabilization Reserve Fund. The new General Fund reserve policy sets a goal of 10% of General Fund requirements for the Emergency Reserve. For the Budget Stabilization Reserve, the new policy sets a goal of 7% of General Fund requirements and limits use of this reserve to no more than one-third of the balance annually and permits use for capital expenditures and other one-time costs.

American Rescue Plan Act Funding and Spending Framework

President Joe Biden signed the federal American Rescue Plan Act of 2021 (“ARPA”) into law on March 11, 2021, apportioning \$1.9 trillion to address devastating health and economic impacts caused by ongoing COVID-19 crisis. Through ARPA, Congress established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund. These funds provided a combined \$350.0 billion to eligible state, local, territorial, and tribal governments to meet pandemic response needs and rebuild stronger and more equitable economies.

Recipients cannot use this funding to offset a reduction directly or indirectly in net tax revenue due to a change in law from March 3, 2021 through the last day of the fiscal year in which the funds provided have been spent. The Treasury

Department also forbid recipients from using these federal funds to make deposits into pension funds. Visit [the Treasury Department's website](#) for additional information.

The Treasury Department's allocation methodology for the Coronavirus State and Local Fiscal Recovery Funds resulted in the City receiving \$188.5 million. The Treasury Department distributed the funds in two tranches, with 50% arriving in May 2021 and the balance arriving approximately twelve months later.

On June 10, 2021, City Council approved an ARPA spending framework totaling \$245.0 million, which included \$188.5 million from ARPA – State and Local Fiscal Recovery Funds, \$35.3 million from ARPA – Emergency Rental Assistance, \$11.4 million from ARPA - HOME, and \$9.8 million from General Fund Reserves. This framework allocated \$106.7 million for homelessness response and remediation, \$46.3 million for public health initiatives, \$42 million for emergency relief including rental assistance, \$32 million for economic and workforce development, \$12 million for relief to the creative sector, and \$6 million to resilience-focused initiatives including food security and food access.

The Capital Improvement Plan and Capital Budget

The Capital Improvement Plan is a five-year list of capital improvements and a corresponding spending plan for financing these improvements. It is developed through public input and department prioritization of needs. The process includes neighborhood meetings, department requests, assessment of requested projects by the City's Budget Office, input from the Planning Commission's CIP Subcommittee and other Boards and Commissions, and citizen input from public hearings. Each fiscal year, the Planning Commission reviews the Capital Improvement Plan and submits a recommendation to the City Manager detailing specific projects to be included in the Capital Budget for the next fiscal year.

The City Manager considers the Planning Commission's recommended plan to propose a Capital Budget to the City Council. The Capital Budget contains requested appropriations for new projects, additional appropriations for previously approved projects and any requests to revise prior year appropriations. Unlike the Operating Budget, which authorizes expenditures for only one fiscal year, Capital Budget appropriations are multi-year, lasting until the project is complete or until changed by the City Council.

The City Council reviews the Capital Budget, holds public hearings to gather final citizen input and establishes the amount of revenue and general obligation debt to sell to fund capital improvements.

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Fiscal Year 2024 Capital Budget

The five-year Capital Improvement Program (“CIP”) plan estimates city-wide capital spending of \$1.7 billion in fiscal year 2024. The first year of the five-year plan was used to determine the new appropriations required for inclusion in the fiscal year 2024 Capital Budget. The approved city-wide total appropriation is \$1.7 billion. Appropriation by department is listed below.

Summary of Fiscal Year 2024 Capital Budget (\$: millions):

Summary of Fiscal Year 2024 Capital Budget (millions):

Austin Convention Center	149
Austin Energy	235.5
Austin Public Health	4.1
Austin Public Library	3.5
Austin Resource Recovery	11.7
Austin Water	523
Aviation	595.9
Building Services	11.3
Capital Delivery Services	5
Communications and Technology Management	40.6
Economic Development	0.7
Emergency Medical Services	2.3
Financial Services	4.6
Fire	23.5
Fleet	39.6
Housing and Planning	0
Parks and Recreation	37.7
Planning	7.5
Police	0
Transportation and Public Works	20.8
Watershed Protection	44.2
TOTAL PROPOSED NEW APPROPRIATIONS	1,760.50

ADDITIONAL INFORMATION

Ten Largest Employers (As of September 30, 2022)

<u>Employer</u>	<u>Industry</u>	<u>Employees</u>	<u>Percent of MSA Total</u>
State Government	Government	39,306	3.15
The University of Texas at Austin	Education	29,597	2.37
HEB Grocery Stores	Grocery/Retail	20,749	1.66
City of Austin	Government	15,548	1.25
Federal Government	Government	15,000	1.20
Dell Computer Corporation	Computers	13,000	1.04
Ascension Seton	Healthcare	12,086	0.97
Amazon LLC	Retail	11,000	0.88
St. David’s Healthcare Partnership	Healthcare	10,854	0.87
Austin Independent School District	Education	10,565	0.85

Source: 2022 Annual Comprehensive Financial Report.

Demographic and Economic Statistics - Last Ten Years

<u>Year</u>	<u>City of Austin Population (1)</u>	<u>Area of Incorporation (Square Miles) (1)</u>	<u>Population MSA (2)</u>	<u>Income (MSA) (thousands of dollars) (2)</u>	<u>Median Household Income MSA (3)</u>	<u>Per Capita Personal Income MSA (3)</u>	<u>Unemployment Rate (MSA) (4)</u>
2013	841,649	321	1,883,901	\$88,950,627	\$46,436	\$47,216	5.2%
2014	878,002	321	1,943,409	97,181,958	49,227	50,006	4.2%
2015	899,919	323	2,002,591	103,244,100	52,519	51,555	3.4%
2016	925,491	326	2,062,211	107,664,294	56,163	52,208	3.3%
2017	946,080	325	2,115,230	117,458,116	56,849	55,530	3.1%
2018	963,797	326	2,168,316	127,439,164	63,191	58,773	2.9%
2019	980,886	327	2,187,161	138,650,094	65,950	63,393	2.6%
2020	961,855	327	2,235,584	150,639,599	69,001	67,400	6.3%
2021	975,321	327	2,298,224	163,778,682	71,186	71,300	3.5%
2022	981,610	328	2,361,566 (6)	178,002,458 (5)	80,412 (6)	75,400 (5)	2.8%
2013-2022 Change	16.63%	2.11%	25.36%	100.11%	73.17%	59.69%	

Note: Prior year statistics are subject to change as more precise numbers become available.

- (1) Source: City Demographer, City of Austin, Housing and Planning Department based on full purpose area as of January 9, 2023.
- (2) Source: Bureau of Economic Analysis.
- (3) Source: Claritas, a Nielson Company.
- (4) Source: Bureau of Labor Statistics; United States Department of Labor as of September 30, 2022.
- (5) Data not available for 2022. Figures are estimated.
- (6) Source: Nielsen Site Reports.

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City Sales Tax Collections (In Millions) (1)

Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount
1-1-18	\$18.369	1-1-19	\$18.697	1-1-20	\$20.198	1-1-21	\$19.781	1-1-22	\$26.385	1-1-23	29.410
2-1-18	22.174	2-1-19	23.474	2-1-20	26.824	2-1-21	25.532	2-1-22	30.963	2-1-23	33.666
3-1-18	17.895	3-1-19	19.197	3-1-20	20.704	3-1-21	18.927	3-1-22	24.307	3-1-23	27.506
4-1-18	16.939	4-1-19	18.499	4-1-20	19.065	4-1-21	17.768	4-1-22	24.174	4-1-23	26.758
5-1-18	21.249	5-1-19	21.771	5-1-20	20.801	5-1-21	26.089	5-1-22	31.042	5-1-23	32.064
6-1-18	18.371	6-1-19	20.966	6-1-20	16.875	6-1-21	23.139	6-1-22	27.873	6-1-23	25.599
7-1-18	19.552	7-1-19	20.275	7-1-20	18.096	7-1-21	23.952	7-1-22	28.586	7-1-23	29.860
8-1-18	20.338	8-1-19	21.556	8-1-20	21.667	8-1-21	26.558	8-1-22	31.773	8-1-23	32.428
9-1-18	19.701	9-1-19	21.797	9-1-20	19.750	9-1-21	25.021	9-1-22	29.397	9-1-23	29.675
10-1-18	19.502	10-1-19	20.080	10-1-20	19.178	10-1-21	25.356	10-1-22	29.675	10-1-23	31.441
11-1-18	20.661	11-1-19	22.017	11-1-20	22.036	11-1-21	28.990	11-1-22	31.441	11-1-23	29.425
12-1-18	20.482	12-1-19	21.463	12-1-20	20.670	12-1-21	25.930	12-1-22	29.425	12-1-23	
	<u>\$235.233</u>		<u>\$249.792</u>		<u>\$245.864</u>		<u>\$287.043</u>		<u>\$345.04</u>		<u>\$237.29</u>

(1) Sales taxes are not pledged to the payment of the Obligations.
Source: City of Austin, Budget Office.

Utility Connections

Year	Utility Connections		
	Electric (1)	Water (1)	Gas (1)
2013	430,582	217,070	216,688
2014	439,403	217,036	223,500
2015	450,479	223,164	228,700
2016	461,345	227,432	223,158
2017	472,701	231,014	226,749
2018	485,204	235,174	221,314
2019	496,258	239,291	238,753
2020	507,660	243,820	239,063
2021	520,757	247,037	240,263
2022	530,698	250,705	240,048

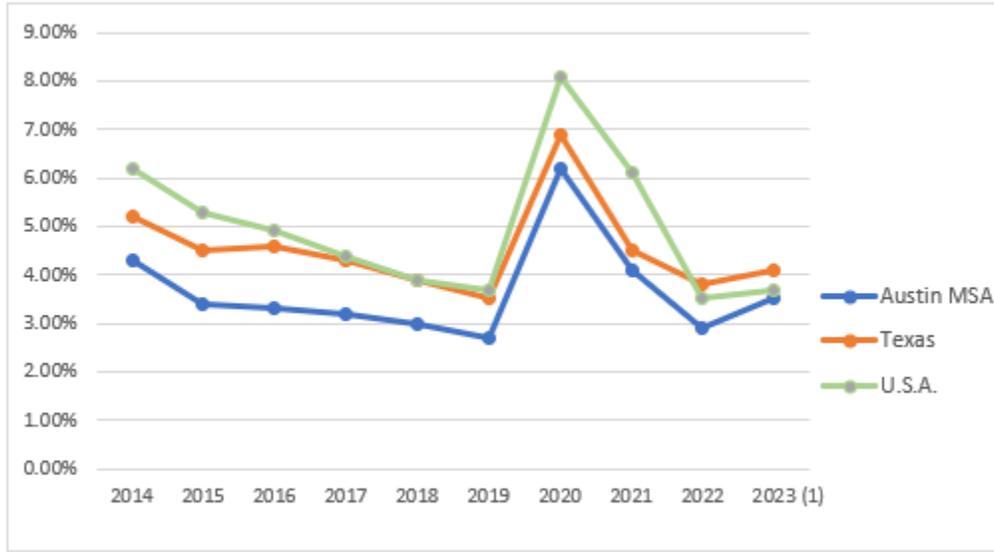
(1) Based on the City's fiscal year, which runs October 1 through September 30.
Source: Various, including the City of Austin, Texas Gas Services, Atmos Energy and Centerpoint Energy.

Employment by Industry in the Austin Metropolitan Area (1)

	2018		2019		2020		2021		2022	
		% of total								
Mining, Logging, and Construction	64,500	6.00%	69,000	6.18%	71,200	6.41%	73,300	6.29%	77,500	5.91%
Manufacturing	60,700	5.64%	62,500	5.60%	65,000	5.85%	64,800	5.56%	72,100	5.50%
Trade, Transportation, and Utilities	179,700	16.71%	184,800	16.56%	195,300	17.58%	190,300	16.32%	215,800	16.46%
Information	34,700	3.23%	38,400	3.44%	40,500	3.65%	45,100	3.87%	53,400	4.07%
Financial Activities	63,100	5.87%	66,200	5.93%	69,700	6.27%	73,000	6.26%	78,500	5.99%
Professional and Business Services	187,700	17.45%	198,700	17.80%	207,400	18.67%	235,200	20.18%	283,100	21.59%
Education and Health Services	125,300	11.65%	128,900	11.55%	124,900	11.24%	133,900	11.49%	146,200	11.15%
Leisure and Hospitality	130,700	12.15%	135,600	12.15%	106,400	9.58%	119,700	10.27%	146,800	11.20%
Other Services	46,300	4.30%	47,500	4.26%	42,300	3.81%	44,800	3.84%	49,600	3.78%
Government	<u>183,000</u>	<u>17.01%</u>	<u>184,600</u>	<u>16.54%</u>	<u>188,300</u>	<u>16.95%</u>	<u>185,600</u>	<u>15.92%</u>	<u>188,100</u>	<u>14.35%</u>
Total nonfarm employment	<u>1,075,700</u>	<u>100%</u>	<u>1,116,200</u>	<u>100%</u>	<u>1,111,000</u>	<u>100%</u>	<u>1,165,700</u>	<u>100%</u>	<u>1,311,100</u>	<u>100%</u>

(1) Austin-Round Rock MSA includes the counties of Travis, Bastrop, Caldwell, Hays and Williamson. Information is updated periodically; data contained in this document is the latest provided. Based on calendar year.
Source: U.S. Bureau of Labor Statistics. Non-seasonally adjusted.

Average Annual Unemployment Rate



<u>Year</u>	<u>Austin MSA</u>	<u>Texas</u>	<u>U.S.A.</u>
2014	4.3%	5.2%	6.2%
2015	3.4%	4.5%	5.3%
2016	3.3%	4.6%	4.9%
2017	3.2%	4.3%	4.4%
2018	3.0%	3.9%	3.9%
2019	2.7%	3.5%	3.7%
2020	6.2%	6.9%	8.1%
2021	4.1%	4.5%	6.1%
2022	2.9%	3.8%	3.5%
2023 (1)	3.5%	4.1%	3.7%

Source: U.S. Bureau of Labor Statistics, accessed June 29, 2023. Unemployment rates are non-seasonally adjusted. Information is updated periodically; the BLS revised certain prior year unemployment data for the Austin MSA on April 21, 2023 and for the State on March 1, 2023. (1) Reflects the May 2023 monthly unemployment rate.

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Residential Sales Data (Austin-Round Rock MSA)

<u>Year</u>	<u>Number of Sales</u>	<u>Total Volume (\$)</u>	<u>Average Price (\$)</u>
2014	30,054	9,209,723,927	306,439
2015	31,287	10,324,443,491	329,991
2016	32,488	11,268,504,287	346,851
2017	33,718	12,341,571,283	366,023
2018	34,581	13,137,905,036	379,917
2019	37,005	14,552,569,533	393,260
2020	40,197	17,608,088,719	438,045
2021	41,079	23,304,960,454	567,321
2022	33,694	21,075,587,946	625,500

Source: Real Estate Center at Texas A&M University; access August 17, 2023. Prior year data subject to revision.

City-Wide Austin Office Occupancy Rate

<u>Year</u>	<u>Occupancy Rate</u>
2014	90.9%
2015	90.9%
2016	91.8%
2017	89.5%
2018	89.4%
2019	89.4%
2020	90.0%
2021	80.7%
2022	78.9%
2023 (1)	75.0%

(1) As of Quarter 2 (June 2023).
Source: Cushman & Wakefield.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS

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APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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APPENDIX D

SUMMARY OF REFUNDED OBLIGATIONS⁽¹⁾

Certificates of Obligation, Series 2013

Maturity	Interest Rate	Par Amount Refunded	Call Date	Call Price	CUSIP⁽²⁾
09/01/2026	3.750%	1,055,000	11/09/2023	100.00%	052396Y69
09/01/2027	4.000%	1,080,000	11/09/2023	100.00%	052396Y77
09/01/2028	4.000%	1,115,000	11/09/2023	100.00%	052396Y85
09/01/2029	4.000%	1,145,000	11/09/2023	100.00%	052396Y93
09/01/2030	4.125%	1,180,000	11/09/2023	100.00%	052396Z27
09/01/2031	4.250%	1,220,000	11/09/2023	100.00%	052396Z35
09/01/2032	4.250%	1,260,000	11/09/2023	100.00%	052396Z43
09/01/2033	4.375%	1,300,000	11/09/2023	100.00%	052396Z50
09/01/2034	4.375%	1,320,000	11/09/2023	100.00%	052396Z68
09/01/2035	4.500%	1,360,000	11/09/2023	100.00%	052396Z76
09/01/2036	4.500%	1,405,000	11/09/2023	100.00%	052396Z84
**					
09/01/2038 ⁽³⁾	4.500%	2,960,000	11/09/2023	100.00%	052396Z92

Certificates of Obligation, Series 2013

Maturity	Interest Rate	Par Amount Refunded	Call Date	Call Price	CUSIP⁽²⁾
09/01/2025	4.000%	5,590,000	11/09/2023	100.00%	052396W46
09/01/2026	4.000%	3,100,000	11/09/2023	100.00%	052396W53
**					
09/01/2028	5.000%	6,215,000	11/09/2023	100.00%	052396W61
09/01/2029	5.000%	6,445,000	11/09/2023	100.00%	052396W79
09/01/2030	5.000%	6,695,000	11/09/2023	100.00%	052396W87
09/01/2031	5.000%	6,965,000	11/09/2023	100.00%	052396W95
09/01/2032	5.000%	7,225,000	11/09/2023	100.00%	052396X29
09/01/2033	5.000%	12,035,000	11/09/2023	100.00%	052396X37

- (1) The refunding of any of the Refunded Obligations is contingent upon the delivery of the Bonds. See “OBLIGATION INFORMATION – Authority and Purpose for Issuance” and “– Refunded Obligations.”
- (2) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Service, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. CUSIP numbers are provided for convenience of reference only. The City and the Financial Advisor take no responsibility for the accuracy of the CUSIP numbers.
- (3) Term Maturity.

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