

May 18, 2022

## Frost Bank Selected for Buda General Obligation Bonds

- **Hilltop Bank of Dallas Selected for Certificate of Obligation Bonds**



BUDA, TEXAS – Buda City Council recently approved the selection of Frost Bank of San Antonio for its general obligation (G.O.) bond issuance, with a true interest cost rate of 3.65022% for \$42.3 million, which includes the bond premium. On **Tuesday, May 31**, the City of Buda will receive a Frost Bank deposit in the amount of \$41.9 million for Buda’s bond projects.

In November 2021, Buda voters overwhelmingly approved the Buda general obligation bond package totaling \$89.66 million. Voters approved Proposition A, comprised of transportation and mobility projects, with 74.31% in favor of the bonds, while 25.69% of residents voted against it. Proposition B, comprised of parks and recreation projects, experienced significant support also with 63.39% of voters favoring the bonds and 36.61% opposed. Details about the bonds are available at [www.BudaBonds.com](http://www.BudaBonds.com).

“The City’s bonds were sent to the bond market on May 3, 2022, for a competitive sale and Frost Bank of San Antonio offered the lowest true cost interest rate,” Buda Finance Director Bianca Redmon explained. “Because the City has maintained an AA rating from Standard and Poor, we were able to get a good interest rate,” she added.

City staff is working with the Buda Bond Oversight Committee and its consultant, WSB, to begin packaging and prioritizing projects. The Frost Bank deposit will allow the City of Buda to commence moving on its prioritized bond projects without delay.

In addition to the action on the G.O. bonds, Buda City Council also approved a recommendation selecting Hilltop Bank of Dallas for its certificate of obligation (C.O.) bonds. Unlike G.O. bonds, which require voter approval, C.O. bonds may be issued after proper notice by the authority of the City Council. The proposed certificate of obligation totals \$8.045 million in proposed bond uses. The bonds were sold at a premium, which

is typical in a rising interest rate environment. The final interest rates and debt payment schedule have been finalized. The City Council's approval authorized the sale, locking in the rates.

All \$8.045 million will be funded through the City's water and wastewater revenues. The Finance Department staff determined that the bonds would fund the following planned capital projects:

- Old Black Colony Elevated Water Storage Tank - \$6,600,000;
- RM 967 West Utilities - \$600,000;
- Reuse Water Stagecoach Pond Pumps / Piping - \$460,000;
- and contingency (5%) - \$385,000.

These projects were budgeted and planned for in the adoption of the *Fiscal Year 2021-22 Budget*. About 92% of the proceeds will support water capital projects while roughly 8% will be wastewater. The maximum maturity date for the certificates is August 15, 2042, for 20-year bonds. Closing of the C.O. bonds also is expected to occur **Tuesday, May 31, 2022**.

The City of Buda is home to about 18,000 residents and has earned designations as a “Texas Main Street City,” “Tree City USA,” “Bee City Affiliate” and “Platinum-Level Scenic City.” Buda is situated along the Interstate 35 corridor, has 14 parks and a historic downtown district where residents and visitors alike can shop, dine, relax, and *breathe easy here*.

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