

RESOLUTION NO. R2025-42

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, RESTRICTING CERTAIN FUNDS FOR FUTURE ARBITRAGE REBATE AND YIELD REDUCTION PAYMENT LIABILITIES AND DEPOSITING THE FUNDS IN ACCORDANCE WITH THE CITY'S INVESTMENT POLICY

WHEREAS, the City Council of the City of Burnet, Texas (the "Council") has formally approved a separate Investment Policy for the City of Burnet (the "City") that meets the requirements of the Public Funds Investment Act (PFIA), Section 2256 of the Texas Local Government Code; and

WHEREAS, the Investment Policy is reviewed and adopted annually by the Council, complies with the PFIA, and authorizes the investment of City funds in safe and prudent investments; and

WHEREAS, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2021 tax-exempt bonds in the amount of five million seven hundred and fifty-five thousand dollars (\$5,755,000.00) which are subject to arbitrage rebate and yield reduction payment liabilities; and

WHEREAS, the City invested the Combination Tax and Revenues Certificates of Obligation, Series 2021 bond proceeds into Texpool; and

WHEREAS, the City engaged The Arbitrage Group, Inc. to calculate the City's Arbitrage earnings, and they calculated an arbitrage liability in the amount of four hundred nine thousand and eight hundred thirty-five dollars and 58/100 cents (\$409,835.58) due to the IRS in August of 2026; and

WHEREAS, it is advantageous for the City Council to restrict certain funds to satisfy the future arbitrage liability due in August of 2026.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AS FOLLOWS:

Section One. Findings. The recitals set out above are hereby approved and incorporated herein for all purposes.

Section Two. Approval. The Council does hereby approve restricting three hundred thousand dollars (\$300,000.00) of general fund operating reserves and one hundred thousand dollars (\$100,000.00) of Airport reserves to be used to satisfy the future arbitrage liability related to the tax-exempt Series 2021 bonds issued by the City.

Section Three. Authorization. The City Manager and the Finance Director are authorized and directed to take those actions that are reasonably necessary to facilitate the purpose of this Resolution.

Section Four. Deposit. The Council does hereby direct that the funds be invested in accordance with the City's Investment Policy as a "Restricted by Council Action" account.

Section Five. Withdrawal. The Council does hereby direct that the funds shall only be withdrawn from the deposited investment account to satisfy the future Arbitrage liability. If it is determined that the actually liability is less than initially calculated, as verified by the City's consultants and the Finance Director, the City Manager may transfer excess funds back into an unrestricted cash account to fund other approved expenses.

Section Six. Open Meetings. It is hereby officially found and determined that the meeting at which this resolution was passed was open to the public and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

Section Seven. Effective Date. That this resolution shall take effect immediately upon its passage, and approval as prescribed by law.

PASSED AND APPROVED on this the 27th day of May 2025.

CITY OF BURNET, TEXAS



Gary Wideman, Mayor

ATTEST:



Maria Gonzales, City Secretary

