

TAX CERTIFICATE

SOUTH BUDA WATER CONTROL & IMPROVEMENT DISTRICT NO. 1 UNLIMITED TAX BONDS, SERIES 2020

This Tax Certificate is executed and delivered by the South Buda Water Control & Improvement District No. 1 (the “District”) in connection with the issuance of its Unlimited Tax Bonds, Series 2020, in the aggregate principal amount of \$8,200,000 (the “Bonds”). The Bonds are issued pursuant to a an order authorizing the issuance of the Bonds (the “Bond Order”). Pursuant to the Bond Order, and in part pursuant to Treasury Regulations Section 1.148-2(b)(2), the District certifies, covenants, warrants and represents as follows:

ARTICLE I IN GENERAL

Section 1.1 Authorized Officer; Expectations. The undersigned is an authorized representative of the District acting for and on behalf of the District in executing this Tax Certificate. To the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

Section 1.2 Delivery of the Bonds. On the date hereof, the District is delivering the Bonds to Raymond James & Associates, Inc. (the “Initial Purchaser”), in exchange for receipt of good funds.

Section 1.3 Purpose of Tax Certificate. The District is delivering this Tax Certificate to Orrick, Herrington & Sutcliffe LLP, as bond counsel (“Bond Counsel”), with the understanding that Bond Counsel will rely, in part, upon this Tax Certificate in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

Section 1.4 Single Issue. All Bonds were sold to the Initial Purchaser on October 21, 2020 (the “Sale Date”), pursuant to the same plan of financing, and are expected to be paid out of substantially the same source of funds. No other governmental obligations which are expected to be paid out of substantially the same source of funds as the Bonds have been or will be sold within the 31-day period beginning 15 days before the Sale Date pursuant to the same plan of financing as the Bonds.

Section 1.5 Definitions. Capitalized terms not otherwise defined in this Tax Certificate or the Bond Order shall have the meanings set forth in Appendix A.

Section 1.6 Reliance. With respect to certain matters contained in this Tax Certificate, the District specifically relies upon certifications of the Initial Purchaser set forth in the certificate attached hereto as Exhibit A and on the certifications set forth in the other exhibits attached hereto, if any. The District is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Certificate or in any exhibit hereto. To the extent any statement herein is, or represents, a conclusion of law, rather than a

statement of fact or a covenant, the District makes such statement in reliance on the advice of Bond Counsel.

ARTICLE II PURPOSE OF THE BONDS

Section 2.1 Purpose of Financing. The District is issuing the Bonds to (a) finance the construction, expansion and acquisition of water, wastewater and drainage facilities (the “Project”), and (b) pay the costs incurred in connection with the execution and delivery of the Bonds, including the premium for the bond insurance policy issued by Assured Guaranty Municipal Corp..

Section 2.2 Allowable Expenditures. For federal tax purposes, the District will only allocate Gross Proceeds of the Bonds to pay, or reimburse disbursements by the District, that are (a) capital expenditures of the Project, (b) costs of issuing the Bonds, (c) interest on the Bonds through the later of three years after the Closing Date or one year after the Project is placed in service, (d) initial operating expenses directly associated with the Project (in aggregate amount not exceeding 5% of the Sale Proceeds), or (e) other miscellaneous expenditures described in Treasury Regulations Section 1.148-6(d)(3)(ii).

Section 2.3 Reimbursement of Prior Expenditures. The District hereby covenants, certifies and warrants that no disbursement to be paid or reimbursed from Gross Proceeds shall have been previously paid or reimbursed from the proceeds of any other obligation, whether issued by the District or any other party. Except as authorized in the reimbursement resolutions adopted by the District on December 10, 2019; February 11, 2020; and June 17, 2020 and as authorized in the Bond Resolution, absent an Opinion of Counsel the District will only allocate Gross Proceeds to (a) Preliminary Expenditures, (b) capital expenditures reimbursed in respect of payments made by the District on or after 60 days prior to the date the District made a declaration of intent to reimburse for costs of the Project, (c) costs of issuing the Bonds, or (d) other payments described in (a) through (c) above that are made by the District on or after the Closing Date. In connection with all expenditures of Gross Proceeds described in (b), the District will make the reimbursement allocation by the later of 18 months after (A) the date on which the Project is placed in service, but in no event later than three years after the date such reimbursed cost was paid, or (B) the date such reimbursed cost was paid.

Section 2.4 No Overissuance. Taking into account anticipated investment earnings, Sale Proceeds do not exceed the amount necessary to pay costs of the Project and costs of executing and delivering the Bonds, including the premium for the bond insurance policy.

Section 2.5 No Loans. Absent an Opinion of Counsel, the District has not and will not use any Proceeds, directly or indirectly, to make or finance one or more loans to any entity.

Section 2.6 No Abusive Arbitrage Device. The Bonds are being issued for the purposes described in Section 2.1 above. The Bonds are not and will not be part of a transaction or series of transactions that (a) enables the District or any related person to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and (b) overburdens the market for tax-exempt obligations in any manner, including, without

limitation, by selling bonds that would not otherwise be sold, or selling more bonds, or issuing bonds sooner, or allowing bonds to remain outstanding longer, than otherwise would be necessary.

ARTICLE III SOURCE AND DISBURSEMENT OF PROCEEDS

Section 3.1 Determination of the Sale Proceeds and Net Sale Proceeds of the Bonds.

The amount of Sale Proceeds and Net Sale Proceeds of the Bonds is calculated as follows:

Par Amount of Bonds	\$8,200,000.00
Net Original Issue Premium	<u>51,362.90</u>
Sale Proceeds	\$8,251,362.90
(Minor Portion)	<u>(100,000.00)</u>
Net Sale Proceeds	\$8,151,362.90

Section 3.2 Use of Sale Proceeds. The Sale Proceeds will be deposited and allocated as follows:

<u>Uses of Sale Proceeds:</u>	
Capital Projects Fund	\$7,756,608.64
Bond Insurance Policy Premium	57,400.00
Underwriters' Discount	64,306.00
Other Costs of Issuance	<u>373,048.26</u>
TOTAL	\$8,251,362.90

Section 3.3 No Pre-Accrued Interest. Interest on the Bonds begins to accrue on Closing Date; therefore, the Bonds are being issued without pre-issuance accrued interest.

Section 3.4 Investment Proceeds. Investment Proceeds earned on Proceeds held in the funds and accounts established in connection with the Bonds shall be retained in each such fund or account. Investment Proceeds of the Bonds may be used to pay costs of the Projects. Excess Investment Proceeds of the Bonds may be used as set forth in Section 3.5 below.

Section 3.5 Unexpected Excess Sale Proceeds and Investment Proceeds. Unexpected excess Sale Proceeds and Investment Proceeds may be used to pay additional capital costs as authorized in the Bond Order or may be used to pay principal and interest on the Bonds.

Section 3.6 Allocation of Bonds Proceeds.

(a) The District will allocate Sale Proceeds to expenditures no later than 18 months after the date of the expenditure or 18 months after the date the facility to which the expenditure relates is completed and actually operating at substantially the level for which it was designed, but in all events not later than 60 days after the fifth Bond Year (or 60 days after none of the Bonds are outstanding, if earlier).

(b) The District will allocate amounts that are not proceeds of a tax-exempt borrowing (such as the Bonds) to portions of the Project expected to have private business use (if

any) using a reasonable and consistently applied accounting method, including allocating such amounts to discrete portions of the Project (for example, based on actual costs, total space, or fair market value), or on the basis of an undivided portion allocation, or other reasonable method.

ARTICLE IV ACQUISITION/CONSTRUCTION SCHEDULE FOR THE PROJECT

Section 4.1 Commencement of the Project. The District has entered into, or will have entered into by May 12, 2021, a contract or otherwise incurred a substantial binding obligation with one or more unrelated parties toward commencement of the Project involving an expenditure equal to at least 5% of the Net Sale Proceeds of the Bonds.

Section 4.2 Prosecution of the Project. The District expects the work on the Project and the expenditure of the Net Sale Proceeds of the Bonds to proceed with due diligence from the Closing Date to the date of completion of the Project.

Section 4.3 Completion of the Project. The District expects that at least 85% of the Net Sale Proceeds of the Bonds will be spent on costs of the Project by November 12, 2023.

ARTICLE V RESTRICTIONS ON USE OF THE PROJECT

Section 5.1 Limitation on Private Activity. Absent an Opinion of Counsel, the District will not allow more than the lesser of \$15 million or 10% of the Proceeds, or of the Project, to be used directly or indirectly by any Nongovernmental Person in any trade or business, other than as a member of the general public. For purposes of this Section 5.1, a Nongovernmental Person will be treated as “using” Proceeds to the extent the Nongovernmental Person, directly or indirectly,

- (a) borrows Proceeds,
- (b) uses the Project (e.g., as owner, lessee, service provider, operator or manager),
- (c) acquires the output (or throughput) of the Project, unless pursuant to a short-term use exception, or
- (d) acquires or uses technology developed at the Project, if any.

Section 5.2 Lower Limit for Unrelated and Disproportionate Uses. For purposes of Section 5.1, “10%” is reduced to “5%” for nongovernmental use of any facilities financed from Proceeds that are unrelated or disproportionate to the governmental purposes of the Bonds.

Section 5.3 Management Contracts. In furtherance of the foregoing, the District represents, warrants and covenants that District and any related party (within the meaning of Section 1.150-1(b) of the Treasury Regulations) will not enter into any agreement (a “Management Contract”) with any person or organization (a “Service Provider”) who is not a Qualified User with respect to the facilities that have been or will be financed or refinanced with the Proceeds of the

Bonds, that provides for such Service Provider to manage, operate or provide services with respect to any portion of the Project unless an Opinion of Counsel is received or unless the guidelines set forth in Revenue Procedure 2017-13 (the “Guidelines”) and summarized in Appendix B, are satisfied.

Section 5.4 Limitation on Private Security and Private Payments. In addition, the District will not allow the payment of the lesser of \$15,000,000 or more than 10% of the principal, or the interest of the Bonds, directly or indirectly, to be (a) secured by any interest in property to be used in the trade or business of any Nongovernmental Persons (other than in the roles as a member of the general public) or by payments in respect of such property; or (b) derived from payments in respect of property, or borrowed money, used or to be used in the trade or business of any Nongovernmental Persons (other than in their roles as members of the general public).

Section 5.5 No Private Loan. Absent an Opinion of Counsel, the District will not loan more than 5% of the Bond proceeds to one or more Nongovernmental Persons other than in their roles as members of the general public and will not loan more than 5% of the Bond proceeds to any Nongovernmental Persons.

Section 5.6 No Change in Use. The District expects to use all Proceeds and all facilities that are financed from Proceeds to be used for the purposes set forth in this ARTICLE V for the entire stated term to maturity of the Bonds. Absent an Opinion of Counsel, the District in fact will use all Proceeds and each facility financed from Proceeds as set forth in this ARTICLE V.

Section 5.7 No Expected Sale. The District does not expect that the Project or any part thereof financed in whole or in part by the Bonds will be sold or otherwise disposed of before August 1, 2050, the last scheduled maturity date of the Bonds. Absent an Opinion of Counsel, the District will not sell or otherwise dispose of the Project or any portion thereof financed in whole or part by the Bonds.

ARTICLE VI PAYMENT OF THE BONDS

Section 6.1 Source of Payment. The Bonds are payable from the proceeds of taxes levied against all the taxable property located within the District and other funds available therefor. If the District establishes a debt service fund for the Bonds (the “Debt Service Fund”), those funds that are expected to pay principal of or interest on the Bonds will be deposited in the Debt Service Fund and used within 13 months of their deposit in that fund for payment of principal of or interest on the Bonds.

Section 6.2 Debt Service Fund. The Debt Service Fund, if any, will be used primarily to achieve a proper matching of revenues of the District and debt service on the Bonds within each Bond Year. It is expected that the money in the Debt Service Fund will be depleted at least once a year (on each August 1), except for a reasonable carryover amount not expected to exceed the greater of one year’s earnings on that fund or 1/12 of the annual debt service on the Bonds.

Section 6.3 No Other Replacement Proceeds. Neither the District nor any related person will use any Gross Proceeds directly or indirectly to replace funds of the District or any related person, including funds which are or will be used directly or indirectly to acquire

Investment Property reasonably expected to produce a yield that is materially higher than the yield on the Bonds. The weighted average maturity of the Bonds is calculated by the Financial Advisor to the District to be 18.640 years. See Exhibit B attached hereto. Based on such information, the District does not expect the weighted average maturity of the Bonds to exceed 120% of the expected weighted average economic useful life of the Project.

ARTICLE VII YIELD ON THE BONDS

Section 7.1 Yield on the Bonds. The aggregate issue price of the Bonds is \$8,251,362.90, based on representations of the Initial Purchaser set forth in Exhibit A hereto, regarding the amount of Sale Proceeds, including the prices at which the Bonds were offered to the ultimate purchaser(s). The Financial Advisor to the District has calculated the Yield on the Bonds to be 2.383053%. See the pricing numbers attached hereto as Exhibit D. Such yield has been calculated pursuant to Section 148(h) of the Code and Treasury Regulations Sections 1.148-4 and 1.148-5 for purposes of this Tax Certificate. Thus, yield on the Bonds or yield on Investment Property generally means that discount rate which, when used in computing the present value of all unconditionally payable payments representing principal adjusted, as required, for any substantial discounts, interest and costs of qualified guarantees, produces an amount equal to the issue price of the Bonds or the purchase price of the Investment Property, as appropriate.

Section 7.2 Qualified Guarantee. In computing the Yield on the Bonds as described in Section 7.1 hereof, the premium paid with respect of the bond insurance policy is being treated as a qualified guarantee payment, as provided in Treasury Regulations Section 1.148-4(f), based (a) on certifications of Assured Guaranty Municipal Corp. set forth in Exhibit E hereto, as to the bond insurance policy, that the premium paid with respect of the bond insurance policy was negotiated at arm's length, and is within the normal range of charges charged by Assured Guaranty Municipal Corp. for the transfer of credit risk with respect to similar tax-exempt obligations, and that the premium paid with respect of the bond insurance policy is not included in any direct or indirect payment for a cost, risk or other element that is not customarily borne by credit providers with respect to tax-exempt obligations in transactions in which Assured Guaranty Municipal Corp. has no other involvement than as a credit provider; and (b) on certifications of the Initial Purchaser set forth hereto in Exhibit A, that the premium paid for the bond insurance policy is reasonable, and that the present value of interest saved as a consequence of the bond insurance policy exceeds the present value of the premium paid for the bond insurance policy.

Section 7.3 No Qualified Hedges. No contract has been, and (absent an Opinion of Counsel) no contract will be entered into to modify the District's risk of interest rate changes with respect to the Bonds (e.g., an interest rate swap, an interest rate cap, a futures contract, a forward contract, or an option).

ARTICLE VIII

RESTRICTIONS ON INVESTING THE PROCEEDS OF THE BONDS IN HIGHER YIELDING INVESTMENTS

Section 8.1 Investment of Capital Projects Fund. Sale Proceeds deposited into the District's Capital Projects Fund and Investment Proceeds earned on such funds may be invested without regard to yield through November 12, 2023. See Appendix D for additional information regarding the valuation of certain investments held in the Capital Projects Fund.

Section 8.2 Investment of Sale Proceeds Used to Pay Costs of Issuance. Sale Proceeds held for the payment of costs of issuing the Bonds may be invested without regard to yield through November 12, 2023.

Section 8.3 Investment of Investment Proceeds. Investment Proceeds for which no other temporary period is available may be invested without regard to yield for a temporary period of one year from the date of receipt of such proceeds.

Section 8.4 Investment of Debt Service Fund. To the extent the provisions of Section 6.2 are satisfied, the District has been advised by Bond Counsel that amounts in the Bona Fide Debt Service Funds will be invested without regard to yield.

Section 8.5 Yield Restriction. Absent an Opinion of Counsel, if (a) the total amount of Sale Proceeds held to be used to pay costs of issuing the Bonds still unspent 13 months from the Closing Date, plus (b) all Investment Proceeds remaining unspent after a one-year period beginning on the date of receipt of such Investment Proceeds, plus (c) any amounts held in the Bona Fide Debt Service Funds that remain unexpended after 13 months from the date of accumulation therein, plus (e) any Proceeds held in the Capital Projects Fund that remain unexpended after three years from the date hereof, the District covenants that the excess will be invested either (i) in Investment Property with a yield not exceeding the Yield on the Bonds, (ii) in assets that are not treated as Investment Property (e.g., Tax-Exempt Bonds), or (iii) in assets that satisfy the requirements for qualified yield reduction payments set forth in Treasury Regulations Section 1.148-5(c), subject to the limitation set forth in Section 1.148-10(b)(1)(ii).

Section 8.6 Yield Reduction Payments. Bond Counsel has advised the District that, for purposes of determining the yield on the Investment Property, any amount paid to the United States in accordance with Treasury Regulations Section 1.148-5(c) (subject to the limitation set forth in Section 1.148-10(b)(1)(ii)) is treated as a payment for such Investment Property that reduces the yield on such Investment Property. Bond Counsel has further advised that Treasury Regulations Section 1.148-5(c) provides, inter alia, that (a) yield reduction payments are generally to be made at the same time and in the same manner as rebate payments are required to be paid or at such other time or in such other manner as the Commissioner of Internal Revenue may provide; and (b) yield reduction payments may be made with respect to Nonpurpose Investments allocable to Proceeds that qualified to be invested without restriction for a temporary period of three years as described in Section 8.1 or for a temporary period of one year as described in Section 8.2.

ARTICLE IX COMPLIANCE WITH THE REBATE REQUIREMENT

Section 9.1 Undertakings. Pursuant to the Bond Order, the District has covenanted to comply with certain requirements of the Code. The District acknowledges that the United States Department of the Treasury has issued regulations with respect to certain of these undertakings, including the proper method for computing whether any rebate amount is due the federal government under Section 148(f) of the Code. (Treasury Regulations Sections 1.148-1 through 1.148-11, 1.150-1 and 1.150-2.) The District further acknowledges that the United States Department of the Treasury may yet issue additional regulations with respect to certain other of these undertakings. The District covenants that it will undertake to determine what is required with respect to the rebate provisions contained in Section 148(f) of the Code and said regulations from time to time and will comply with any requirements that may apply to the Bonds. Except to the extent inconsistent with any requirements of the Code or future regulations, the District will undertake the methodology described in this Tax Certificate.

Section 9.2 Recordkeeping. In order to facilitate the calculation of the Rebate Requirement, the District shall maintain or cause to be maintained detailed records with respect to each Nonpurpose Investment attributable to Gross Proceeds, including: (a) purchase date, (b) purchase price, (c) information establishing fair market value on the date such investment became a Nonpurpose Investment, (d) any accrued interest paid, (e) face amount, (f) coupon rate, (g) periodicity of interest payments, (h) disposition price, (i) any accrued interest received, and (j) disposition date.

Section 9.3 Investments and Dispositions. The District will not acquire any Investment Property with Gross Proceeds for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations) in excess of the fair market value of such Investment Property. The District will not sell or otherwise dispose of any Investment Property for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations) less than the fair market value of the Investment Property. The District will determine the fair market value of investments in accordance with the rules set forth in Appendix D.

Section 9.4 Segregation of Proceeds. In order to perform the calculations required by the Code, the District covenants to track separately all Gross Proceeds and cause to be established separate accounts or subaccounts to account fully for all Gross Proceeds.

Section 9.5 Rebate Requirement Calculation and Payment.

(a) The District will prepare or cause to be prepared a calculation of the Rebate Requirement consistent with the rules described in this Section 9.5. The District will complete the calculation of the Rebate Requirement within 60 days after the close of the fifth Bond Year and after the first date on which there are no outstanding Bonds.

(b) Bond Counsel has advised the District that, for purposes of calculating the Rebate Requirement, (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount

equal to its fair market value (determined as provided in Section 1.148-5(d)(6) of the Treasury Regulations, as applicable) at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment (based on the assumed purchase price at fair market value and adjusted to take into account amounts received with respect to the Nonpurpose Investment and earned original issue discount or premium) on the first date when there are no outstanding Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The District shall pay to the United States Department of the Treasury not later than 60 days after the end of the fifth Bond Year and each succeeding fifth Bond Year, an amount equal to 90% and, not later than 60 days after the first date when there are no outstanding Bonds, an amount equal to 100% of the Rebate Requirement (determined as of the end of the immediately preceding Bond Year), all as set forth in Section 1.148-3 of the Treasury Regulations.

(d) Each payment required to be made pursuant hereto shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date such payment is due, and shall be accompanied by Form 8038-T. The District shall retain records of the calculations required by this Section 9.5 until three years after the retirement of the last of the Bonds.

Section 9.6 Exceptions from Rebate Requirement. Notwithstanding the foregoing provisions relating to the Rebate Requirement, the District shall not be required to calculate or pay the Rebate Requirement to the extent the Gross Proceeds of the Bonds are held or expended in a manner that satisfies one of the exceptions to the Rebate Requirement described below and the Proceeds are exempt from the Rebate Requirement under the particular exception.

(a) **Bona Fide Debt Service Funds Exception.** The Bona Fide Debt Service Funds will be exempted from the Rebate Requirement to the extent that the provisions of Section 6.2 hereof are satisfied for any Bond Year.

(b) **Exceptions for Project Fund and Costs of Issuance.** Gross Proceeds of the Bonds used to pay costs of the Project and costs of issuance of the Bonds will be exempted to the extent that they meet one of the spending exceptions to rebate describe in Appendix C. With respect to the Two-Year Expenditure Rule described in Appendix C, the District makes the following elections:

(i) For purposes of determining whether the Bonds constitute a construction issue (as defined in Section 148(f)(4)(C)(iv) of the Code), the District elects to make such determinations based on actual facts instead of the District's reasonable expectations.

(ii) For purposes of determining the amount of future earnings earned on Available Construction Proceeds as of the end of the first three spending periods as described in Appendix C, the District elects to make such determinations based on actual facts instead of the District's reasonable expectations.

Section 9.7 Filing Requirements. The District will file or cause to be filed such reports or other documents with the Internal Revenue Service as are required by the Code.

Section 9.8 Retention of Firm. The District has assumed full responsibility for the rebate calculation requirement and payment. The District acknowledge that Orrick, Herrington & Sutcliffe LLP shall have no responsibility for any arbitrage rebate calculations, reporting requirements or payments that may be required to be made with respect to the Bonds.

ARTICLE X BONDS MEET OTHER REQUIREMENTS FOR TAX EXEMPTION

Section 10.1 Registered Form. The Bonds are being issued in registered form.

Section 10.2 No Federal Guarantee. The District will not directly or indirectly use or permit the use of any Proceeds or any other funds of the District or any related party or take or omit to take any action that would cause the Bonds to be obligations that are “federally guaranteed” within the meaning of Section 149(b) of the Code. In furtherance of this covenant, the District will not allow the payment of principal or interest with respect to the Bonds to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. Except as provided in the next sentence, the District will not use 5% or more of the Proceeds to make or finance loans the payment of principal or interest with respect to which is guaranteed in whole or in part by the United States or any agency or instrumentality thereof, nor will it invest 5% or more of the Proceeds in federally insured deposits or accounts. The preceding sentence shall not apply to:

(a) investments in the Capital Projects Fund and investments allocable to Proceeds for the payment of the costs of issuing the Bonds during the temporary period described in Section 8.1 of this Tax Certificate;

(b) investments in the Bona Fide Debt Service Funds; and

(c) investments in obligations issued by the United States Department of Treasury.

Section 10.3 Information Reporting. The District will cause a properly completed and executed IRS Form 8038-G to be filed with respect to the Bonds no later than February 15, 2021.

Section 10.4 No Hedge Bonds. The District reasonably expects that more than 85% of Net Sale Proceeds will be expended for the governmental purposes of the Bonds before November 12, 2023. In addition, the District will not invest more than 50% of Proceeds in Nonpurpose Investments that have a substantially guaranteed yield for four years or more. The payment of legal and underwriting costs associated with issuance of the Bonds is not contingent, and the District will cause at least 95% of all legal and underwriting costs associated with issuance of the Bonds to be paid no later than 180 days after the Closing Date.

ARTICLE XI OTHER MATTERS

Section 11.1 Retention of Records. The District covenants to maintain all records relating to the requirements of the Code and the representations, certifications and covenants set forth in this Tax Certificate until the date four years after the last outstanding Bond has been retired.

If any of the Bonds are refunded or prepaid by other tax-exempt obligations (the “Refunding Obligations”), the District covenants to maintain all records required to be retained by this Section 11.1 until the later of the date four years after the last outstanding Bonds have been retired or the date four years after the last Refunding Obligations have been retired. The records that must be retained include, but are not limited to:

- (a) basic records and documents relating to the Bonds (including the Bond Order, this Tax Certificate and the opinion of Bond Counsel);
- (b) documentation evidencing the expenditure of Proceeds;
- (c) documentation evidencing the use of the Project by public and private sources (i.e., copies of management contracts, research agreements, leases, etc.);
- (d) documentation evidencing all sources of payment or security for the Bonds;
and
- (e) documentation pertaining to any investment of Proceeds (including the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations).

Section 11.2 Amendments. Notwithstanding any other provision of this Tax Certificate, the District may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is signed by an authorized officer and is supported by an opinion of counsel to the effect that such action (or inaction) will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

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Section 11.3 Survival of Defeasance. Notwithstanding any provision in this Tax Certificate or the Bond Order to the contrary, the obligation to remit the Rebate Requirement, if any, to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate shall survive defeasance of the Bonds.

Dated: November 12, 2020

**SOUTH BUDA WATER CONTROL &
IMPROVEMENT DISTRICT NO. 1**

By: Marvin B. Morgan
Marvin B. Morgan,
President, Board of Directors

APPENDIX A DEFINITIONS

Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in the Bond Order. Unless the context otherwise requires, the following capitalized terms have the following meanings:

“Adjusted Gross Proceeds” means Gross Proceeds, adjusted as set forth in Treasury Regulations Section 1.148-7(c)(3). Thus, Adjusted Gross Proceeds generally means Gross Proceeds, less Gross Proceeds held in the Bona Fide Debt Service Funds.

“Available Construction Proceeds” means all Sale Proceeds (reduced by costs of issuing the Bonds financed from such Sale Proceeds) of the Bonds, plus all Investment Proceeds earned or reasonably expected to be earned thereon, if any, before the earlier of two years after the Closing Date or substantial completion of Project construction.

“Bona Fide Debt Service Funds” means the Debt Service Fund and those accounts, if any, identified in Section 6.2 of this Tax Certificate.

“Bond Year” means the period beginning on the Closing Date and ending on November 12, 2021 (or on an earlier date selected by the District in accordance with Treasury Regulations Section 1.148-1(b)), and each successive one-year period thereafter. The last Bond Year will end on the last day on which any Bond is outstanding for Federal tax purposes.

“Closing Date” means the date of this Tax Certificate.

“Code” means the Internal Revenue Code of 1986 (including amendments thereto).

“Financial Advisor” means Specialized Public Finance Inc.

“Governmental Unit” means any State, or political subdivision of a State, but excludes the United States and its agencies or instrumentalities.

“Gross Proceeds” has the meaning used in Section 1.148-1(b) of the Treasury Regulations, and generally means all proceeds derived from or relating to the Bonds, including Sale Proceeds, Investment Proceeds, and other amounts expected to be used to pay debt service on the Bonds.

“Investment Proceeds” means earnings received from investing and reinvesting Sale Proceeds and from investing and reinvesting such earnings.

“Investment Property” means any security or obligation, any annuity contract, or any other investment-type property, but does not include any Tax-Exempt Bond unless such obligation is a “specified private activity bond” within the meaning of Section 57(a)(5)(C) of the Code.

“Minor Portion” has the meaning used in Section 148(e) of the Code, which permits arbitrage of the lesser of \$100,000 or 5% of the Sale Proceeds.

“Net Sale Proceeds” has the meaning set forth in Section 3.1 of this Tax Certificate.

“Nongovernmental Person” means any person or entity other than a Governmental Unit.

“Nonpurpose Investment” means any Investment Property in which Gross Proceeds are invested.

“Opinion of Counsel” means a written opinion of nationally recognized bond counsel, delivered to the District, to the effect that interest on the Bonds will not be included in gross income for federal income tax purposes.

“Preliminary Expenditures” means architectural, engineering, surveying, soil testing, costs of issuing the Bonds, and similar costs paid with respect to the Project in an aggregate amount not exceeding 20% of the amount of Sale Proceeds allocated to each separate item or asset that comprises the Project. Preliminary Expenditures do not include land acquisition, site preparation or similar costs incident to the commencement of construction.

“Proceeds” means, collectively, Sale Proceeds and Investment Proceeds.

“Qualified User” means any state or local governmental unit as defined in Section 1.103-1 of the Treasury Regulations and any instrumentality thereof. The term “Qualified User” does not include the United States or any agency or instrumentality thereof.

“Rebate Requirement” means the amount of rebatable arbitrage computed as of the last day of any Bond Year pursuant to Section 1.148-3 of the Treasury Regulations.

“Sale Proceeds” has the meaning set forth in Section 3.1 of this Tax Certificate

“Spensible Proceeds” means, with respect to the Bonds, the net amount received as a result of the sale of such issue, minus (i) the amount of proceeds used to fund a reasonably required reserve fund, if any, and (ii) \$100,000.

“Tax-Exempt Bond” means any obligation the interest on which is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code or Section 103 of the Internal Revenue Code of 1954, as amended (the “1954 Code”), and Title XIII of the Tax Reform Act of 1986, as amended, as well as stock in a regulated investment company to the extent at least 95% of income to the stockholder is treated as interest that is excludable from gross income under Section 103 of the Code.

“Yield” means that discount rate described in Section 7.1 of this Tax Certificate.

APPENDIX B MANAGEMENT CONTRACT GUIDELINES

A Management Contract that relates to the use or operation of the Project by one or more Service Providers, will satisfy the Guidelines if the requirements of each of the following subsections is satisfied:

(a) Fees-General Requirements. The payments to the Service Provider under the Management Contract must be reasonable compensation for the services provided.

(b) No Net Profits Arrangements. The Management Contract must not provide to the Service Provider a share of net profits from the operation of the Project. Compensation to the Service Provider will not be treated as providing a share of net profits if no element of the compensation takes into account, or is contingent upon, either the Project's net profits or both the Project's revenues and expenses for any fiscal period. For this purpose, the elements of the compensation are the eligibility for, the amount of, and the timing of the payment of the compensation. Further, solely for purposes of determining whether the amount of the compensation meets the requirements of this paragraph (b), any reimbursements of actual and direct expenses paid by the Service Provider to Unrelated Parties are disregarded as compensation. Incentive compensation will not be treated as providing a share of net profits if the eligibility for the incentive compensation is determined by the Service Provider's performance in meeting one or more standards that measure quality of services, performance, or productivity, and the amount and the timing of the payment of the compensation meet the requirements of this paragraph (b).

(c) No Bearing of Net Losses. The Management Contract must not, in substance, impose upon the Service Provider the burden of bearing any share of net losses from the operation of the Project. However, an arrangement will not be treated as requiring the Service Provider to bear a share of net losses if: (A) the determination of the amount of the Service Provider's compensation and the amount of any expenses to be paid by the Service Provider (and not reimbursed), separately and collectively, do not take into account either the Project's net losses or both the Project's revenues and expenses for any fiscal period, and (B) the timing of the payment of compensation is not contingent upon the Project's net losses. For example, a Service Provider whose compensation is reduced by a stated dollar amount (or one of multiple stated dollar amounts) for failure to keep the Project's expenses below a specified target (or one of multiple specified targets) will not be treated as bearing a share of net losses as a result of this reduction.

(i) Certain Types of Compensation not Treated as Requiring a Service Provider to Bear a Share of Net Loss. Regardless of whether the Service Provider pays expenses with respect to the operation of the Project without reimbursement by the District, compensation for services will not be treated as requiring the Service Provider to bear a share of net losses if the compensation is: (i) solely based on a Capitation Fee, a Periodic Fixed Fee or a Per-Unit fee, or (ii) incentive compensation as described in paragraph (b) of this Tax Certificate or (iii) any combination of clause (i) or (ii) of this subparagraph (c)(1).

(ii) Deferred Compensation not Treated as Contingent on Net Losses. Deferral of compensation to the Service Provider due to insufficient net cash flows from the operation of

the Project will not be treated as contingent upon net losses if the contract including the following requirements that

- (1) The compensation is payable at least annually
- (2) The Qualified User is subject to reasonable consequences for late payment, such as reasonable interest charges or late payment fees.
- (3) The Qualified User will pay the deferred compensation (with interest or late payment fees) no later than the end of five years after the original due date of the payment

(d) Contract Term. The term of the Management Contract, including renewal options, is not longer than the lesser of 30 years or 80% of the reasonably expected useful life of the financed property.

(e) Control of Project. The Management Contract requires the Qualified User to approve:

- (i) The annual budget of the Project;
- (ii) Capital expenditures with respect to the Project (for this purpose, a Qualified User may show approval of capital expenditures for the Project by approving an annual budget for capital expenditures described by functional purpose and specific maximum amounts);
- (iii) Each disposition of property that is part of the Project;
- (iv) Rates charged for use of the Project (for this purpose, a Qualified User may show approval of rates charged for use of the managed property be either expressly approving such rates (or the methodology for setting such rates) or by including in the Service Contract a requirement that the Service Provider charge rates that are reasonable and customary as specifically determined by an independent third party); and
- (v) The general nature and type of use of the Project (for example, the type of services).
- (vi) The Qualified User bears the risk of loss upon damage or destruction of the Project (for example, upon force majeure). A Qualified User does not fail to meet this risk of loss requirement as a result of insuring against risk of loss through a third party or imposing upon the Service Provider a penalty for failure to operate the Project in accordance with the standards set forth in the Service Contract.
- (vii) The Service Provider must agree that it is not entitled to and will not take any tax position that is inconsistent with being a Service Provider to the Qualified User with respect to the Project.

(f) Prohibited Relationships. The Service Provider may not have a role or relationship with the Qualified User that, in effect, substantially limits the ability of the Qualified User to exercise its rights, including cancellation rights, under the Service Contract. Accordingly:

(i) Not more than 20% of the voting power of the governing body of the Qualified User in the aggregate may be vested in the Service Provider and its directors, officers, shareholders, partners, members and employees.

(ii) The governing body of the Qualified User does not include the chief executive officer of the Service Provider or the chairperson (or equivalent executive) of the Service Provider's governing body.

(iii) The chief executive officer of the Service Provider is not the chief executive officer of the Qualified User or any related person (with the meaning of Section 1.150-1(b) of the Treasury Regulations) to the Qualified User.

(iv) For purposes of this subparagraph (iv), the phrase Service Provider includes Related Persons and the phrase "chief executive officer" includes a person with equivalent management responsibilities.

APPENDIX C EXCEPTIONS TO REBATE

Notwithstanding the provisions relating to the Rebate Requirement for each issue of the Bonds set forth in the Tax Certificate, the District shall not be required to calculate or pay the Rebate Requirement to the extent the Gross Proceeds of such issue of the Bonds are expended in a manner that satisfies one of the exceptions to the Rebate Requirement described in this Appendix C and the Proceeds are exempt from the Rebate Requirement under the particular exception.

ARTICLE I SPENDING EXCEPTIONS TO REBATE

Section 1.1 Two-Year Expenditure Rule. The District shall not be required to calculate the Rebate Requirement with respect to Available Construction Proceeds if the requirements of Section 148(f)(4)(C) of the Code (the “Two-Year Expenditure Rule”) are satisfied. The Rebate Requirement must be calculated and paid with respect to Proceeds that do not constitute Available Construction Proceeds and that do not satisfy any other available rebate exception.

(a) **Eligibility.** The District will be eligible for the Two-Year Expenditure Rule only if the following requirements are met: (a) the issue of Bonds are not private activity bonds (as such term is defined in Section 141(a) of the Code), or are qualified Section 501(c)(3) bonds (as defined in Section 145 of the Code) or private activity bonds the Proceeds of which will be used to finance property owned by a governmental unit or an entity described in Section 501(c)(3) of the Code; (b) the District reasonably expects that at least 75% of the Available Construction Proceeds of the issue of Bonds will be used for construction expenditures (including the costs of reconstruction and rehabilitation of the facilities financed with the Proceeds of the issue of Bonds, but excluding the costs of acquisition of such facilities) with respect to property owned by a governmental unit or an entity described in Section 501(c)(3) of the Code; and (c) the spend-down schedule referred to in Section 1.1(b) is satisfied.

(b) **Spend-Down Schedule.** The District must spend the Available Construction Proceeds of the issue of Bonds for the construction expenditures in accordance with the following amounts and time periods beginning on the Closing Date of each issue of the Bonds: (a) at least 10% of such Available Construction Proceeds within six months, (b) at least 45% of such Available Construction Proceeds within twelve months, (c) at least 75% of such Available Construction Proceeds within eighteen months, and (d) 100% of such Available Construction Proceeds within twenty-four months. For purposes of determining compliance with the spending requirements as of the end of each of the first three spending periods described above, Available Construction Proceeds shall include the amount of future earnings that the District reasonably expects to earn as of the Closing Date of each issue of the Bonds. The District will not fail to satisfy the spending requirement for the fourth spending period if the District holds unspent Available Construction Proceeds for a period not exceeding three (3) years from the Closing Date of each issue of the Bonds as “reasonable retainage” required or permitted by construction contracts with respect to the construction projects. For example, a reasonable retainage may

include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the District reasonably determines that a dispute exists regarding completion or payment. If the above described spending requirements are satisfied and the Proceeds used to finance Costs of Issuance are expended by the end of the fourth spending period, Proceeds allocable to financing the Costs of Issuance shall be treated as having satisfied the Rebate Requirement.

Section 1.2 Eighteen-Month Expenditure Rule. The District shall not be required to calculate the Rebate Requirement with respect to Eligible Gross Proceeds if the requirements of Treasury Regulation Section 1.148-7(d) (the “Eighteen-Month Expenditure Rule”) are satisfied.

(a) **Eligibility.** The District will be eligible for the Eighteen-Month Expenditure Rule only if the following requirements are met: (a) the Eligible Gross Proceeds are expended for the governmental purposes of the issue in accordance with the spend-down schedule referred to in Section 1.2(b), and (b) all of the Eligible Gross Proceeds qualify for an initial three (3) year temporary period (as described in Treasury Regulation Section 1.148-2(e)(2)).

(b) **Spend-Down Schedule.** The District must spend the Eligible Gross Proceeds for the governmental purposes of the issue in accordance with the following amounts and time periods beginning on the Closing Date of each issue of the Bonds: (a) at least 15% of such Eligible Gross Proceeds within six months, (b) at least 60% of such Eligible Gross Proceeds within twelve months, and (c) 100% of such Eligible Gross Proceeds within Eighteen-Months. For purposes of determining compliance with the first and second spending periods described above, the amount of Investment Proceeds included in Eligible Gross Proceeds is determined based on the District’s reasonable expectations based as of the Closing Date of each issue of the Bonds. The District will not fail to satisfy the spending requirement for the third spending period if the District holds Eligible Gross Proceeds for a period not to exceed thirty (30) months from the Closing Date of each issue of the Bonds as “reasonable retainage” required or permitted to be retained for reasonable business purposes relating to the property financed with the Proceeds. The Eighteen-Month Exception Rule is not available for any portion of the issue of Bonds that is treated as meeting the Two-Year Expenditure Rule described in Section 1.1.

Section 1.3 De Minimis Rule For Purposes of the Two-Year Expenditure Rule and Eighteen-Month Expenditure Rule. Any failure to satisfy the final spending requirements of the Eighteen-Month Expenditure Rule or the Two-Year Expenditure Rule is disregarded if the District exercises due diligence to complete the projects for which the issue of Bonds were issued and the amount of the failure does not exceed the lesser of 3% of the issue price of the issue of Bonds or \$250,000.

Section 1.4 Six-Month Expenditure Rule. Pursuant to Section 148(f)(4)(B) of the Code (the “Six-Month Expenditure Rule”), if on or before the date six (6) months after the Closing Date of each issue of the Bonds the Eligible Gross Proceeds of such issue of Bonds are expended for the purposes for which such Bonds are issued no rebate calculations and no rebate payment will need to be made with respect to Eligible Gross Proceeds of the issue of Bonds.

Section 1.5 Expenditures for Governmental Purposes of the Issue. For purposes of the Two-Year Expenditure Rule, the Eighteen-Month Expenditure Rule and the Six-Month

Expenditure Rule, the payment of interest on the issue of Bonds (but not principal) shall constitute an expenditure of Proceeds of the issue of Bonds.

APPENDIX D

FAIR MARKET VALUE OF INVESTMENT PROPERTY

In general, the fair market value of any Investment Property is the price at which a willing buyer would pay to a willing seller to acquire the Investment Property, with no amounts paid to artificially reduce or increase the yield on such Investment Property. Other methods may be used, however, to establish fair market value provided, however, that such methods comply with the requirements of Section 1.148-5 of the Treasury Regulations.

(a) If Investment Property is acquired pursuant to an arm's-length transaction without regard to any amount paid to reduce the yield on the Investment Property, the fair market value of the Investment Property shall be the amount paid for the Investment Property (without increase for transaction costs, except as otherwise provided in Section 1.148-5(e)(2) of the Treasury Regulations).

(1) If Investment Property is sold or otherwise disposed of in an arm's-length transaction without regard to any reduction in the disposition price to reduce the Rebate Requirement, the fair market value of the Investment Property shall be the amount realized from the sale or other disposition of the Investment Property (without reduction for transaction costs, except as otherwise provided in Section 1.148-5(e)(2) of the Treasury Regulations).

(2) If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Department of the Treasury (as in the case of United States Treasury Securities - State and Local Government Series obligations), such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation.

(b) Investment Contracts. The purchase price of any Investment Property acquired pursuant to an investment contract (within the meaning of Section 1.148-1(b) of the Treasury Regulations) shall be determined as provided in Section 1.148-5 of the Treasury Regulations. No investment contract shall be acquired with Gross Proceeds unless the requirements of this paragraph are satisfied. With respect to any investment contract, the District will obtain from any provider of the investment contract, broker thereof or other party, such information, certification or representation as will enable the District to determine that these requirements are satisfied.

(1) General Rule. Pursuant to Section 1.148-5 of the Treasury Regulations, the purchase price of an investment contract will be considered to be fair market value if:

(i) the District makes (or has made on its behalf) a bona fide written solicitation for the investment contract, timely forwarded to potential providers, the solicitation specifies all the material terms of the investment contract (i.e., all the terms that could directly or indirectly affect the yield or the cost of the investment), the solicitation has a legitimate business purpose (i.e., a purpose other than to increase the purchase price or reduce the yield) for every term of the bid specification and the terms of the solicitation take into account the issuer's reasonably expected deposit and drawdown schedule for the amounts to be received;

(ii) all bidders have an equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(iii) the District solicits bids from at least three (3) investment contract providers with established industry reputations as competitive providers of investment contracts;

(iv) the District includes in the bid specifications a statement to potential bidders that by submitting a bid, the provider is making certain representations that the bid is bona fide, and specifically that (A) the bidder did not consult with any other potential provider about its bid, (B) the bid was determined without regard to any other formal or informal agreement that the potential provider had with the issuer or any other person, and (C) the bid was not submitted solely as a courtesy to the issuer or any other person for purposes of satisfying the requirements of Section 1.148-5 of the Treasury Regulations;

(v) the District receives at least three (3) bids from providers that did not have a material financial interest in the issue (the following investment contract providers are considered to have a material financial interest in the issue: (A) a lead underwriter in a negotiated underwriting, but only until 15 days after the Closing Date of the issue, (B) an entity acting as a financial advisor with respect to the purchase of the investment contract at the time the bid specifications were forwarded to potential providers; and (C) any related party to a provider that is disqualified for one of the two preceding reasons);

(vi) at least one (1) of the bids received by the District that meets the requirements of the preceding paragraph is from an investment contract provider with an established industry reputation as a competitive provider of investment contracts;

(vii) if an agent for the District conducts the bidding process, the agent does not bid;

(viii) the winning bid is the highest yielding bona fide bid (determined net of any broker's fees); and

(ix) the provider of the investment contract certifies as to all administrative costs to be paid on behalf of the District, including any fees paid as broker commissions in connection with the investment contract.

(2) Brokers' Compensation. For purposes of computing the yield on any investment contract acquired through a broker, any compensation received by such broker, whether payable by or on behalf of the obligor or obligee of such investment contract may be taken into account in determining the cost of the investment contract to the extent that the amount of the fee the District treats as a "qualified administrative cost" (within the meaning of Section 1.148-5(e)(2)(iii) of the Treasury Regulations): (i) is, in the Opinion of Bond Counsel, "reasonable" (within the meaning of Section 1.148-5(e)(2)(i) of the Treasury Regulations), or (ii) does not exceed the lesser of: (a) \$41,000 and (b) 0.2% of the amount of Gross Proceeds of the issue of Bonds that the District reasonably expects, as of date the investment contract is acquired, to be deposited in the investment contract over the term of the investment contract (i.e., the

Appendix D-2

“computational base” within the meaning of Section 1.148-5(e)(2)(iii)(B)(2)(i) of the Treasury Regulations) or, if more, \$4,000; and with respect to the issue of Bonds, the District does not treat as qualified administrative costs more than \$117,000 in brokers’ commissions or similar fees with respect to all investment contracts and investments for yield restricted defeasance escrows purchased with Gross Proceeds of the issue of Bonds. The dollar amounts specified in this paragraph are subject to the cost-of-living adjustment provided in Section 1.148-5(e)(2)(iii)(B) of the Treasury Regulations.

(c) Certificates of Deposit. The fair market value of a certificate of deposit that has a fixed interest rate, a fixed principal payment schedule, and a substantial penalty for early withdrawal shall be determined as provided in this paragraph. The fair market value of a certificate of deposit that does not have the foregoing attributes may be determined by reference to the bona fide bid price quoted by a dealer who maintains an active secondary market in such certificate of deposit. The purchase price of a certificate of deposit will be considered to be fair market value if:

(1) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(2) the yield on the certificate of deposit is not less than the highest published yield of the provider thereof that is currently available on comparable certificates of deposit offered to the public.

EXHIBIT A
CERTIFICATE OF UNDERWRITER

[See attached.]

CERTIFICATE REGARDING ISSUE PRICE

The undersigned, being a duly authorized representative of the underwriter or the manager of the syndicate of underwriters (“Underwriter”) which has purchased the Unlimited Tax Bonds, Series 2020, being issued by the South Buda Water Control and Improvement District No. 1 (the “District”), hereby certifies and represents, based on its records and information, as follows:

(1) On the Sale Date, the Underwriter’s reasonably expected initial offering price of each Maturity of the Bonds (the “Expected Offering Price”) to as the Public is set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Issue Price Certificate as **Schedule A**. The Expected Offering Prices are the prices for the Bonds used by the Underwriter in formulating its bid to purchase the Bonds.

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

(3) The bid submitted by the Underwriter constituted a firm bid to purchase the Bonds.

(4) The Underwriter has made a bona fide offering of all the Bonds of each Maturity to the Public at its Expected Offering Price set forth in **Schedule A**.

(5) ***Defined Terms.***

(i) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule B hereto as the “Hold-the-Offering-Price Maturities.”

(ii) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Expected Offering Price for such Hold-the-Offering-Price Maturity.

(iii) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(iv) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(v) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is October 21, 2020.

(vi) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(8) Please choose the appropriate statement:

() Purchaser will not purchase bond insurance for the Bonds.

(X) Purchaser will purchase bond insurance from AGM (the "Insurer") for a fee/premium of \$ 57,400.00 (the "Fee"). To the best of the undersigned's knowledge, information and belief, based upon the facts available at this time and current market conditions, the Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Bonds and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. Purchaser has calculated that the present value of the Fee for each obligation constituting the Bonds to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Bonds. In determining present value for this purpose, the yield of the Bonds (determined with regard to the payment of the guarantee fee) has been used as the discount rate. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. No portion of the Fee is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such Fee that has not been earned.

The undersigned understands that the foregoing information will be relied upon by District with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Underwriter is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

Raymond James & Associates, Inc.

By: Randall Hawkins

Name: Randall Hawkins

Dated: November 6, 2020

SCHEDULE A

PRICING WIRE

Wires

View Sent Wire

Print

Email

Close

Sent Date/Time (CST)

Wire Type

Custom Wire Title

10/21/20 12:22 PM

Confirmation Wire

Confirmation Wire

RE: \$ 8,200,000

South Buda Water Control and Improvement District No. 1, Texas

Unlimited Tax Bonds, Series 2020

BANK QUALIFIED

To the members addressed:

We are pleased that our account as set forth herein purchased the above mentioned bonds on 10/21/2020 at competitive bidding.

The bonds were purchased subject to approval of legality of Orrick, Herrington & Sutcliffe, Austin, TX.

MOODY'S:

S&P: AA/BBB (Stable)

FITCH:

KROLL:

Assured Guaranty Municipal Corp. Insured

DATED:11/12/2020 FIRST COUPON:02/01/2021

DUE: 08/01

INITIAL TRADE DATE:

MATURITY	AMOUNT	COUPON	PRICE	ADD'L	CUSIP
				TAKEDOWN (Pts)	
08/01/2022	140M	2.00%	0.55	1/8	836809LE1
08/01/2023	150M	2.00%	0.65	1/4	836809LF8
08/01/2024	155M	2.00%	0.70	3/8	836809LG6
08/01/2025	165M	2.00%	0.85	3/8	836809LH4
08/01/2026	170M	2.00%	1.00	1/2	836809LJ0
08/01/2027	180M	2.00%	1.10	1/2	836809LK7
08/01/2028	185M	2.00%	1.35	1/2	836809LL5
08/01/2029	195M	2.00%	1.45	1/2	836809LM3
08/01/2030	205M	2.00%	1.50	1/2	836809LN1
08/01/2031	210M	2.00%	1.80	5/8	836809LP6
08/01/2032	220M	2.00%	1.90	5/8	836809LQ4
08/01/2033	230M	2.00%	2.00	5/8	836809LR2
08/01/2034	240M	2.125%	2.125	3/4	836809LS0
08/01/2035	255M	2.125%	2.15	3/4	836809LT8
08/01/2036	265M	2.125%	2.20	3/4	836809LU5
08/01/2037	275M	2.25%	2.20	3/4	836809LV3
08/01/2038	290M	2.25%	2.25	3/4	836809LW1
08/01/2039	300M	2.25%	2.30	3/4	836809LX9
08/01/2040	315M	2.25%	2.33	3/4	836809LY7

08/01/2043	1,035M	2.50%	2.45	0.80	836809MB6
08/01/2050	3,020M	2.50%	2.50	1/2	836809MJ9

CALL FEATURES: Optional call in 08/01/2025 @ 100.00

SCHEDULE B

HOLD-THE-OFFERING-PRICE MATURITIES

EXHIBIT B

CERTIFICATE OF FINANCIAL ADVISOR

The undersigned hereby certifies with respect to the sale by the South Buda Water Control & Improvement District No. 1 (the “District”) of its Unlimited Tax Bonds, Series 2020 (the “Bonds”), as follows:

1. The undersigned are a duly authorized representative of Specialized Public Finance Inc., the financial advisor (the “Financial Advisor”) to the District in connection with the sale and delivery of the Bonds. In this capacity, the undersigned is familiar with the facts stated herein.

2. The District received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

3. The term “yield” shall have the meaning ascribed to it in Section 148(h) of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. In the case of the Bonds, the term “yield” means that interest rate which when used as a discount factor in computing the present value as of the date hereof of all scheduled payments of principal of and interest on the Bonds produces an amount equal to the issue price of the Bonds, plus pre-issuance accrued interest. No underwriters’ discount, issuance costs, or costs of carrying or repaying the Bonds has been taken into account for purposes of computing the yield on the Bonds. For purposes hereof, yield shall be calculated on the basis of a 360-day year with interest compounded semi-annually.

The insurance premium (the “Insurance Premium”) paid to insure the Bonds constitutes a fee for a qualified guarantee; thus the Insurance Premium in the amount of \$57,400.00 will be treated as additional interest on the Bonds for the purpose of calculating the yield on the Bonds. The Insurance Premium represents a fee for a qualified guarantee based on the representations set forth below and included in the Federal Tax Certificate to which this Certificate is attached.

(a) The present value of the interest savings expected to be realized as a result of such guarantee exceeds the present value of the Insurance Premium discounted at a rate equal to the yield on the Bonds which results assuming recovery of the Insurance Premium.

(b) The guarantee imposes secondary liability on Assured Guaranty Municipal Corp. (“Guarantor”) that unconditionally shifts substantially all of the credit risk for all or part of the payments on the Bonds. The Guarantor is not a co-obligor and does not expect to make any payments other than payments for which it will be reimbursed immediately. The Guarantor and related parties thereto will not use more than ten percent of the gross proceeds of the Bonds that are guaranteed by the Guarantor.

(c) The Insurance Premium does not exceed a reasonable arms-length charge for the transfer of credit risk. The Insurance Premium is separately stated from all other fees and payments payable by the District to the Guarantor for any other direct or indirect services other than transfer of the credit risk. The Insurance Premium does not include payment for the cost of underwriting or remarketing the Bonds or for the cost of casualty insurance for property financed or refinanced by the Bonds. The Insurance Premium is not refundable upon redemption of the Bonds prior to maturity.

The yield on the Bonds, calculated in this manner and based on an amount equal to \$8,251,362.90, which represents the issue price of the Bonds as set forth in the Certificate of Underwriter, attached as Exhibit A, less the Insurance Premium of \$57,400.00, is 2.383053 percent.

4. The weighted average maturity of the Bonds is 18.640 years. The weighted average maturity is the sum of the products of the issue price of each group of identical Bonds and the number of years to maturity (determined separately for each group of identical Bonds and taking into account mandatory redemptions), divided by the aggregate sale proceeds of the Bonds.

[SIGNATURE PAGE FOLLOWS]

The Financial Advisor hereby authorizes the District to rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate to which this Certificate is attached and in connection with compliance by the District with the provisions of the Code regarding the exclusion from gross income of the interest on the Bonds. Further, we hereby authorize Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel to the District, to rely on the statements made herein in connection with its opinion that interest on the Bonds is excludable from gross income for federal income tax purposes and the preparation of Internal Revenue Service Form 8038-G.

EXECUTED and DELIVERED as of and on November 12, 2020.

SPECIALIZED PUBLIC FINANCE INC.

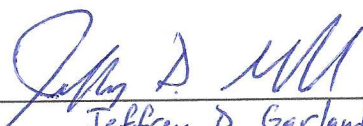
By: 
Name: Jeffrey D. Garland
Title: Managing Director

Exhibit B-3

EXHIBIT C
IRS FORM 8038-G

[See attached.]

(Rev. September 2018)

► Under Internal Revenue Code section 149(e)

► See separate instructions.

OMB No. 1545-0720

Department of the Treasury
Internal Revenue Service**Caution:** If the issue price is under \$100,000, use Form 8038-GC.► Go to www.irs.gov/F8038G for instructions and the latest information.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name South Buda Water Control and Improvement District No. 1		2 Issuer's employer identification number (EIN) 11-3773945	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) Jerry Kyle, Bond Counsel		3b Telephone number of other person shown on 3a (512) 582-6951	
4 Number and street (or P.O. box if mail is not delivered to street address) 300 W. 6th St.	Room/suite 1850	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Austin, Texas 78701		7 Date of issue 11/12/2020	
8 Name of issue Unlimited Tax Bonds, Series 2020		9 CUSIP number 836809MJ9	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Marvin B. Morgan, President		10b Telephone number of officer or other employee shown on 10a (512) 402-1990	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17	8,251,362	90
18 Other. Describe ►	18		
19a If bonds are TANs or RANs, check only box 19a		► <input type="checkbox"/>	
b If bonds are BANs, check only box 19b		► <input type="checkbox"/>	
20 If bonds are in the form of a lease or installment sale, check box		► <input type="checkbox"/>	

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	08/01/2050	\$ 8,251,362.90	\$ 8,200,000.00	18.640 years	2.3830 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22		
23 Issue price of entire issue (enter amount from line 21, column (b))	23	8,251,362	90
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	437,354	26
25 Proceeds used for credit enhancement	25	57,400	00
26 Proceeds allocated to reasonably required reserve or replacement fund	26	0	00
27 Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	0	00
28 Proceeds used to refund prior taxable bonds. Complete Part V	28	0	00
29 Total (add lines 24 through 28)	29	494,754	26
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	7,756,608	64

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	►	_____ years
32 Enter the remaining weighted average maturity of the taxable bonds to be refunded	►	_____ years
33 Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	►	_____
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)		_____

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

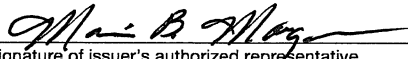
Form **8038-G** (Rev. 9-2018)

Part VI Miscellaneous

- | | | | |
|------------|--|------------|--|
| 35 | | 35 | |
| 36a | | 36a | |
| 37 | | 37 | |
- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions
- b** Enter the final maturity date of the GIC ► (MM/DD/YYYY) _____
- c** Enter the name of the GIC provider ► _____
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ► ☐ and enter the following information:
- b** Enter the date of the master pool bond ► (MM/DD/YYYY) _____
- c** Enter the EIN of the issuer of the master pool bond ► _____
- d** Enter the name of the issuer of the master pool bond ► _____
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ► ☒
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ► ☐
- 41a** If the issuer has identified a hedge, check here ► ☐ and enter the following information:
- b** Name of hedge provider ► _____
- c** Type of hedge ► _____
- d** Term of hedge ► _____
- 42** If the issuer has superintegrated the hedge, check box ► ☐
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ► ☐
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box ► ☐
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here ► ☐ and enter the amount of reimbursement ► _____
- b** Enter the date the official intent was adopted ► (MM/DD/YYYY) _____

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative 

11/20/2020

Date

Marvin B. Morgan, President

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name

Barbara Jane League

Preparer's signature

Date

Check ☐ if self-employed

PTIN

P01702522

Firm's name ► Orrick, Herrington & Sutcliffe LLP

Firm's EIN ► 94-2952627

Firm's address ► 609 Main Street, 40th Floor, Houston, TX 77008

Phone no. 713-658-6786

EXHIBIT D
PRICING NUMBERS

[See attached.]

FINAL

South Buda Water Control & Improvement District No. 1

\$8,200,000 Unlimited Tax Bonds, Series 2020

Table of Contents

Report

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FINAL

South Buda Water Control & Improvement District No. 1

\$8,200,000 Unlimited Tax Bonds, Series 2020

Sources & Uses

Dated 11/12/2020 | Delivered 11/12/2020 (Interest accrues from date of initial delivery)

Sources Of Funds

Par Amount of Bonds	\$8,200,000.00
Reoffering Premium	61,051.95
Original Issue Discount (OID)	(9,689.05)
Total Sources	\$8,251,362.90

Uses Of Funds

Total Underwriter's Discount (0.784%)	64,306.00
Costs of Issuance	373,048.26
Gross Bond Insurance Premium (48.4 bp)	57,400.00
Deposit to Project Construction Fund	7,756,608.64
Total Uses	\$8,251,362.90

2020 u/l tax (10/21/20) F | SINGLE PURPOSE | 10/21/2020 | 11:31 AM

FINAL

South Buda Water Control & Improvement District No. 1

\$8,200,000 Unlimited Tax Bonds, Series 2020

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
08/01/2022	Serial Coupon	2.000%	0.550%	140,000.00	102.477%	-	-	-	143,467.80
08/01/2023	Serial Coupon	2.000%	0.650%	150,000.00	103.632%	-	-	-	155,448.00
08/01/2024	Serial Coupon	2.000%	0.700%	155,000.00	104.764%	-	-	-	162,384.20
08/01/2025	Serial Coupon	2.000%	0.850%	165,000.00	105.308%	-	-	-	173,758.20
08/01/2026	Serial Coupon	2.000%	1.000%	170,000.00	104.597%	c 1.167%	08/01/2025	100.000%	177,814.90
08/01/2027	Serial Coupon	2.000%	1.100%	180,000.00	104.127%	c 1.355%	08/01/2025	100.000%	187,428.60
08/01/2028	Serial Coupon	2.000%	1.350%	185,000.00	102.961%	c 1.591%	08/01/2025	100.000%	190,477.85
08/01/2029	Serial Coupon	2.000%	1.450%	195,000.00	102.499%	c 1.690%	08/01/2025	100.000%	199,873.05
08/01/2030	Serial Coupon	2.000%	1.500%	205,000.00	102.269%	c 1.745%	08/01/2025	100.000%	209,651.45
08/01/2031	Serial Coupon	2.000%	1.800%	210,000.00	100.899%	c 1.907%	08/01/2025	100.000%	211,887.90
08/01/2032	Serial Coupon	2.000%	1.900%	220,000.00	100.448%	c 1.957%	08/01/2025	100.000%	220,985.60
08/01/2033	Serial Coupon	2.000%	2.000%	230,000.00	100.000%	-	-	-	230,000.00
08/01/2034	Serial Coupon	2.125%	2.125%	240,000.00	100.000%	-	-	-	240,000.00
08/01/2035	Serial Coupon	2.125%	2.150%	255,000.00	99.684%	-	-	-	254,194.20
08/01/2036	Serial Coupon	2.125%	2.200%	265,000.00	99.006%	-	-	-	262,365.90
08/01/2037	Serial Coupon	2.250%	2.200%	275,000.00	100.221%	c 2.234%	08/01/2025	100.000%	275,607.75
08/01/2038	Serial Coupon	2.250%	2.250%	290,000.00	100.000%	-	-	-	290,000.00
08/01/2039	Serial Coupon	2.250%	2.300%	300,000.00	99.241%	-	-	-	297,723.00
08/01/2040	Serial Coupon	2.250%	2.330%	315,000.00	98.739%	-	-	-	311,027.85
08/01/2043	Term 1 Coupon	2.500%	2.450%	1,035,000.00	100.219%	c 2.487%	08/01/2025	100.000%	1,037,266.65
08/01/2050	Term 2 Coupon	2.500%	2.500%	3,020,000.00	100.000%	-	-	-	3,020,000.00
Total	-	-	-	\$8,200,000.00	-	-	-	-	\$8,251,362.90

Bid Information

Par Amount of Bonds	\$8,200,000.00
Reoffering Premium or (Discount)	51,362.90
Gross Production	\$8,251,362.90
Total Underwriter's Discount (0.784%)	\$(64,306.00)
Bond Insurance Premium paid by Underwriter	(57,400.00)
Bid (99.142%)	8,129,656.90
Total Purchase Price	\$8,129,656.90
Bond Year Dollars	\$153,574.44
Average Life	18.729 Years
Average Coupon	2.3819720%
Net Interest Cost (NIC)	2.4277759%
True Interest Cost (TIC)	2.4291714%

2020 u/l tax (10/21/20) F | SINGLE PURPOSE | 10/21/2020 | 11:31 AM

FINAL

South Buda Water Control & Improvement District No. 1

\$8,200,000 Unlimited Tax Bonds, Series 2020

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/12/2020	-	-	-	-	-
02/01/2021	-	-	41,293.96	41,293.96	-
08/01/2021	-	-	94,087.50	94,087.50	-
09/30/2021	-	-	-	-	135,381.46
02/01/2022	-	-	94,087.50	94,087.50	-
08/01/2022	140,000.00	2.000%	94,087.50	234,087.50	-
09/30/2022	-	-	-	-	328,175.00
02/01/2023	-	-	92,687.50	92,687.50	-
08/01/2023	150,000.00	2.000%	92,687.50	242,687.50	-
09/30/2023	-	-	-	-	335,375.00
02/01/2024	-	-	91,187.50	91,187.50	-
08/01/2024	155,000.00	2.000%	91,187.50	246,187.50	-
09/30/2024	-	-	-	-	337,375.00
02/01/2025	-	-	89,637.50	89,637.50	-
08/01/2025	165,000.00	2.000%	89,637.50	254,637.50	-
09/30/2025	-	-	-	-	344,275.00
02/01/2026	-	-	87,987.50	87,987.50	-
08/01/2026	170,000.00	2.000%	87,987.50	257,987.50	-
09/30/2026	-	-	-	-	345,975.00
02/01/2027	-	-	86,287.50	86,287.50	-
08/01/2027	180,000.00	2.000%	86,287.50	266,287.50	-
09/30/2027	-	-	-	-	352,575.00
02/01/2028	-	-	84,487.50	84,487.50	-
08/01/2028	185,000.00	2.000%	84,487.50	269,487.50	-
09/30/2028	-	-	-	-	353,975.00
02/01/2029	-	-	82,637.50	82,637.50	-
08/01/2029	195,000.00	2.000%	82,637.50	277,637.50	-
09/30/2029	-	-	-	-	360,275.00
02/01/2030	-	-	80,687.50	80,687.50	-
08/01/2030	205,000.00	2.000%	80,687.50	285,687.50	-
09/30/2030	-	-	-	-	366,375.00
02/01/2031	-	-	78,637.50	78,637.50	-
08/01/2031	210,000.00	2.000%	78,637.50	288,637.50	-
09/30/2031	-	-	-	-	367,275.00
02/01/2032	-	-	76,537.50	76,537.50	-
08/01/2032	220,000.00	2.000%	76,537.50	296,537.50	-
09/30/2032	-	-	-	-	373,075.00
02/01/2033	-	-	74,337.50	74,337.50	-
08/01/2033	230,000.00	2.000%	74,337.50	304,337.50	-
09/30/2033	-	-	-	-	378,675.00

2020 u/l tax (10/21/20) F | SINGLE PURPOSE | 10/21/2020 | 11:31 AM

FINAL

South Buda Water Control & Improvement District No. 1

\$8,200,000 Unlimited Tax Bonds, Series 2020

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/01/2034	-	-	72,037.50	72,037.50	-
08/01/2034	240,000.00	2.125%	72,037.50	312,037.50	-
09/30/2034	-	-	-	-	384,075.00
02/01/2035	-	-	69,487.50	69,487.50	-
08/01/2035	255,000.00	2.125%	69,487.50	324,487.50	-
09/30/2035	-	-	-	-	393,975.00
02/01/2036	-	-	66,778.13	66,778.13	-
08/01/2036	265,000.00	2.125%	66,778.13	331,778.13	-
09/30/2036	-	-	-	-	398,556.26
02/01/2037	-	-	63,962.50	63,962.50	-
08/01/2037	275,000.00	2.250%	63,962.50	338,962.50	-
09/30/2037	-	-	-	-	402,925.00
02/01/2038	-	-	60,868.75	60,868.75	-
08/01/2038	290,000.00	2.250%	60,868.75	350,868.75	-
09/30/2038	-	-	-	-	411,737.50
02/01/2039	-	-	57,606.25	57,606.25	-
08/01/2039	300,000.00	2.250%	57,606.25	357,606.25	-
09/30/2039	-	-	-	-	415,212.50
02/01/2040	-	-	54,231.25	54,231.25	-
08/01/2040	315,000.00	2.250%	54,231.25	369,231.25	-
09/30/2040	-	-	-	-	423,462.50
02/01/2041	-	-	50,687.50	50,687.50	-
08/01/2041	330,000.00	2.500%	50,687.50	380,687.50	-
09/30/2041	-	-	-	-	431,375.00
02/01/2042	-	-	46,562.50	46,562.50	-
08/01/2042	345,000.00	2.500%	46,562.50	391,562.50	-
09/30/2042	-	-	-	-	438,125.00
02/01/2043	-	-	42,250.00	42,250.00	-
08/01/2043	360,000.00	2.500%	42,250.00	402,250.00	-
09/30/2043	-	-	-	-	444,500.00
02/01/2044	-	-	37,750.00	37,750.00	-
08/01/2044	375,000.00	2.500%	37,750.00	412,750.00	-
09/30/2044	-	-	-	-	450,500.00
02/01/2045	-	-	33,062.50	33,062.50	-
08/01/2045	395,000.00	2.500%	33,062.50	428,062.50	-
09/30/2045	-	-	-	-	461,125.00
02/01/2046	-	-	28,125.00	28,125.00	-
08/01/2046	410,000.00	2.500%	28,125.00	438,125.00	-
09/30/2046	-	-	-	-	466,250.00
02/01/2047	-	-	23,000.00	23,000.00	-

2020 u/l tax (10/21/20) F | SINGLE PURPOSE | 10/21/2020 | 11:31 AM

FINAL

South Buda Water Control & Improvement District No. 1

\$8,200,000 Unlimited Tax Bonds, Series 2020

Debt Service Schedule

Part 3 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2047	430,000.00	2.500%	23,000.00	453,000.00	-
09/30/2047	-	-	-	-	476,000.00
02/01/2048	-	-	17,625.00	17,625.00	-
08/01/2048	450,000.00	2.500%	17,625.00	467,625.00	-
09/30/2048	-	-	-	-	485,250.00
02/01/2049	-	-	12,000.00	12,000.00	-
08/01/2049	470,000.00	2.500%	12,000.00	482,000.00	-
09/30/2049	-	-	-	-	494,000.00
02/01/2050	-	-	6,125.00	6,125.00	-
08/01/2050	490,000.00	2.500%	6,125.00	496,125.00	-
09/30/2050	-	-	-	-	502,250.00
Total	\$8,200,000.00	-	\$3,658,100.22	\$11,858,100.22	-

Yield Statistics

Bond Year Dollars	\$153,574.44
Average Life	18.729 Years
Average Coupon	2.3819720%
DV01	10,368.00
Net Interest Cost (NIC)	2.4277759%
True Interest Cost (TIC)	2.4291714%
Bond Yield for Arbitrage Purposes	2.3830536%
All Inclusive Cost (AIC)	2.7543652%

IRS Form 8038

Net Interest Cost	2.3449967%
Weighted Average Maturity	18.640 Years

2020 u/l tax (10/21/20) F | SINGLE PURPOSE | 10/21/2020 | 11:31 AM

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South Buda Water Control & Improvement District No. 1

\$8,200,000 Unlimited Tax Bonds, Series 2020

Proof of D/S for Arbitrage Purposes

Part 1 of 2

Date	Principal	Interest	Total
11/12/2020	-	-	-
02/01/2021	-	41,293.96	41,293.96
08/01/2021	-	94,087.50	94,087.50
02/01/2022	-	94,087.50	94,087.50
08/01/2022	140,000.00	94,087.50	234,087.50
02/01/2023	-	92,687.50	92,687.50
08/01/2023	150,000.00	92,687.50	242,687.50
02/01/2024	-	91,187.50	91,187.50
08/01/2024	155,000.00	91,187.50	246,187.50
02/01/2025	-	89,637.50	89,637.50
08/01/2025	1,100,000.00	89,637.50	1,189,637.50
02/01/2026	-	78,637.50	78,637.50
08/01/2026	-	78,637.50	78,637.50
02/01/2027	-	78,637.50	78,637.50
08/01/2027	-	78,637.50	78,637.50
02/01/2028	-	78,637.50	78,637.50
08/01/2028	-	78,637.50	78,637.50
02/01/2029	-	78,637.50	78,637.50
08/01/2029	-	78,637.50	78,637.50
02/01/2030	-	78,637.50	78,637.50
08/01/2030	-	78,637.50	78,637.50
02/01/2031	-	78,637.50	78,637.50
08/01/2031	210,000.00	78,637.50	288,637.50
02/01/2032	-	76,537.50	76,537.50
08/01/2032	220,000.00	76,537.50	296,537.50
02/01/2033	-	74,337.50	74,337.50
08/01/2033	230,000.00	74,337.50	304,337.50
02/01/2034	-	72,037.50	72,037.50
08/01/2034	240,000.00	72,037.50	312,037.50
02/01/2035	-	69,487.50	69,487.50
08/01/2035	255,000.00	69,487.50	324,487.50
02/01/2036	-	66,778.13	66,778.13
08/01/2036	265,000.00	66,778.13	331,778.13
02/01/2037	-	63,962.50	63,962.50
08/01/2037	275,000.00	63,962.50	338,962.50
02/01/2038	-	60,868.75	60,868.75
08/01/2038	290,000.00	60,868.75	350,868.75
02/01/2039	-	57,606.25	57,606.25
08/01/2039	300,000.00	57,606.25	357,606.25
02/01/2040	-	54,231.25	54,231.25
08/01/2040	315,000.00	54,231.25	369,231.25

2020 u/l tax (10/21/20) F | SINGLE PURPOSE | 10/21/2020 | 11:31 AM

FINAL

South Buda Water Control & Improvement District No. 1

\$8,200,000 Unlimited Tax Bonds, Series 2020

Proof of D/S for Arbitrage Purposes

Part 2 of 2

Date	Principal	Interest	Total
02/01/2041	-	50,687.50	50,687.50
08/01/2041	330,000.00	50,687.50	380,687.50
02/01/2042	-	46,562.50	46,562.50
08/01/2042	345,000.00	46,562.50	391,562.50
02/01/2043	-	42,250.00	42,250.00
08/01/2043	360,000.00	42,250.00	402,250.00
02/01/2044	-	37,750.00	37,750.00
08/01/2044	375,000.00	37,750.00	412,750.00
02/01/2045	-	33,062.50	33,062.50
08/01/2045	395,000.00	33,062.50	428,062.50
02/01/2046	-	28,125.00	28,125.00
08/01/2046	410,000.00	28,125.00	438,125.00
02/01/2047	-	23,000.00	23,000.00
08/01/2047	430,000.00	23,000.00	453,000.00
02/01/2048	-	17,625.00	17,625.00
08/01/2048	450,000.00	17,625.00	467,625.00
02/01/2049	-	12,000.00	12,000.00
08/01/2049	470,000.00	12,000.00	482,000.00
02/01/2050	-	6,125.00	6,125.00
08/01/2050	490,000.00	6,125.00	496,125.00
Total	\$8,200,000.00	\$3,600,300.22	\$11,800,300.22

2020 u/l tax (10/21/20) F | SINGLE PURPOSE | 10/21/2020 | 11:31 AM

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South Buda Water Control & Improvement District No. 1

\$8,200,000 Unlimited Tax Bonds, Series 2020

Proof Of Bond Yield @ 2.3830536%

Part 1 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
11/12/2020	-	1.0000000x	-	-
02/01/2021	41,293.96	0.9948149x	41,079.85	41,079.85
08/01/2021	94,087.50	0.9831010x	92,497.52	133,577.36
02/01/2022	94,087.50	0.9715250x	91,408.36	224,985.72
08/01/2022	234,087.50	0.9600854x	224,743.98	449,729.70
02/01/2023	92,687.50	0.9487804x	87,940.08	537,669.79
08/01/2023	242,687.50	0.9376085x	227,545.87	765,215.65
02/01/2024	91,187.50	0.9265682x	84,491.44	849,707.09
08/01/2024	246,187.50	0.9156579x	225,423.53	1,075,130.62
02/01/2025	89,637.50	0.9048761x	81,110.83	1,156,241.45
08/01/2025	1,189,637.50	0.8942212x	1,063,799.05	2,220,040.50
02/01/2026	78,637.50	0.8836918x	69,491.31	2,289,531.81
08/01/2026	78,637.50	0.8732863x	68,673.05	2,358,204.86
02/01/2027	78,637.50	0.8630034x	67,864.43	2,426,069.29
08/01/2027	78,637.50	0.8528416x	67,065.33	2,493,134.62
02/01/2028	78,637.50	0.8427994x	66,275.64	2,559,410.26
08/01/2028	78,637.50	0.8328754x	65,495.24	2,624,905.50
02/01/2029	78,637.50	0.8230684x	64,724.04	2,689,629.54
08/01/2029	78,637.50	0.8133768x	63,961.92	2,753,591.45
02/01/2030	78,637.50	0.8037993x	63,208.77	2,816,800.22
08/01/2030	78,637.50	0.7943346x	62,464.48	2,879,264.70
02/01/2031	78,637.50	0.7849813x	61,728.97	2,940,993.67
08/01/2031	288,637.50	0.7757382x	223,907.13	3,164,900.80
02/01/2032	76,537.50	0.7666039x	58,673.95	3,223,574.75
08/01/2032	296,537.50	0.7575772x	224,650.04	3,448,224.78
02/01/2033	74,337.50	0.7486567x	55,653.27	3,503,878.05
08/01/2033	304,337.50	0.7398413x	225,161.45	3,729,039.50
02/01/2034	72,037.50	0.7311297x	52,668.76	3,781,708.26
08/01/2034	312,037.50	0.7225207x	225,453.54	4,007,161.80
02/01/2035	69,487.50	0.7140130x	49,614.98	4,056,776.78
08/01/2035	324,487.50	0.7056055x	228,960.17	4,285,736.95
02/01/2036	66,778.13	0.6972970x	46,564.19	4,332,301.14
08/01/2036	331,778.13	0.6890864x	228,623.80	4,560,924.94
02/01/2037	63,962.50	0.6809724x	43,556.70	4,604,481.64
08/01/2037	338,962.50	0.6729540x	228,106.17	4,832,587.81
02/01/2038	60,868.75	0.6650300x	40,479.54	4,873,067.36
08/01/2038	350,868.75	0.6571993x	230,590.69	5,103,658.05
02/01/2039	57,606.25	0.6494608x	37,413.00	5,141,071.05
08/01/2039	357,606.25	0.6418134x	229,516.49	5,370,587.54
02/01/2040	54,231.25	0.6342561x	34,396.50	5,404,984.04

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South Buda Water Control & Improvement District No. 1

\$8,200,000 Unlimited Tax Bonds, Series 2020

Proof Of Bond Yield @ 2.3830536%

Part 2 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
08/01/2040	369,231.25	0.6267877x	231,429.62	5,636,413.65
02/01/2041	50,687.50	0.6194073x	31,396.21	5,667,809.86
08/01/2041	380,687.50	0.6121138x	233,024.08	5,900,833.95
02/01/2042	46,562.50	0.6049062x	28,165.95	5,928,999.89
08/01/2042	391,562.50	0.5977835x	234,069.59	6,163,069.48
02/01/2043	42,250.00	0.5907446x	24,958.96	6,188,028.44
08/01/2043	402,250.00	0.5837886x	234,828.96	6,422,857.39
02/01/2044	37,750.00	0.5769145x	21,778.52	6,444,635.91
08/01/2044	412,750.00	0.5701213x	235,317.58	6,679,953.50
02/01/2045	33,062.50	0.5634082x	18,627.68	6,698,581.18
08/01/2045	428,062.50	0.5567741x	238,334.10	6,936,915.28
02/01/2046	28,125.00	0.5502181x	15,474.88	6,952,390.16
08/01/2046	438,125.00	0.5437393x	238,225.77	7,190,615.93
02/01/2047	23,000.00	0.5373368x	12,358.75	7,202,974.68
08/01/2047	453,000.00	0.5310096x	240,547.37	7,443,522.05
02/01/2048	17,625.00	0.5247570x	9,248.84	7,452,770.89
08/01/2048	467,625.00	0.5185780x	242,500.05	7,695,270.94
02/01/2049	12,000.00	0.5124718x	6,149.66	7,701,420.60
08/01/2049	482,000.00	0.5064374x	244,102.85	7,945,523.45
02/01/2050	6,125.00	0.5004742x	3,065.40	7,948,588.85
08/01/2050	496,125.00	0.4945811x	245,374.05	8,193,962.90
Total	\$11,800,300.22	-	\$8,193,962.90	-

Derivation Of Target Amount

Par Amount of Bonds	\$8,200,000.00
Reoffering Premium or (Discount)	51,362.90
Bond Insurance Premium..... (48.4 bp)	(57,400.00)
Original Issue Proceeds	\$8,193,962.90

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South Buda Water Control & Improvement District No. 1

\$8,200,000 Unlimited Tax Bonds, Series 2020

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Coupon	Price	Issuance Price	Exponent	Bond Years
11/12/2020	-	-	-	-	-	-
08/01/2022	140,000.00	2.000%	102.477%	143,467.80	1.7194444x	246,684.91
08/01/2023	150,000.00	2.000%	103.632%	155,448.00	2.7194444x	422,732.20
08/01/2024	155,000.00	2.000%	104.764%	162,384.20	3.7194444x	603,979.01
08/01/2025	165,000.00	2.000%	105.308%	173,758.20	4.7194444x	820,042.17
08/01/2026	170,000.00	2.000%	104.597%	177,814.90	5.7194444x	1,017,002.44
08/01/2027	180,000.00	2.000%	104.127%	187,428.60	6.7194444x	1,259,416.07
08/01/2028	185,000.00	2.000%	102.961%	190,477.85	7.7194444x	1,470,383.18
08/01/2029	195,000.00	2.000%	102.499%	199,873.05	8.7194444x	1,742,781.96
08/01/2030	205,000.00	2.000%	102.269%	209,651.45	9.7194444x	2,037,695.62
08/01/2031	210,000.00	2.000%	100.899%	211,887.90	10.7194444x	2,271,320.57
08/01/2032	220,000.00	2.000%	100.448%	220,985.60	11.7194444x	2,589,828.46
08/01/2033	230,000.00	2.000%	100.000%	230,000.00	12.7194444x	2,925,472.22
08/01/2034	240,000.00	2.125%	100.000%	240,000.00	13.7194444x	3,292,666.67
08/01/2035	255,000.00	2.125%	99.684%	254,194.20	14.7194444x	3,741,597.41
08/01/2036	265,000.00	2.125%	99.006%	262,365.90	15.7194444x	4,124,246.19
08/01/2037	275,000.00	2.250%	100.221%	275,607.75	16.7194444x	4,608,008.46
08/01/2038	290,000.00	2.250%	100.000%	290,000.00	17.7194444x	5,138,638.89
08/01/2039	300,000.00	2.250%	99.241%	297,723.00	18.7194444x	5,573,209.16
08/01/2040	315,000.00	2.250%	98.739%	311,027.85	19.7194444x	6,133,296.41
08/01/2041	330,000.00	2.500%	100.219%	330,722.70	20.7194444x	6,852,390.61
08/01/2042	345,000.00	2.500%	100.219%	345,755.55	21.7194444x	7,509,618.46
08/01/2043	360,000.00	2.500%	100.219%	360,788.40	22.7194444x	8,196,912.01
08/01/2044	375,000.00	2.500%	100.000%	375,000.00	23.7194444x	8,894,791.67
08/01/2045	395,000.00	2.500%	100.000%	395,000.00	24.7194444x	9,764,180.56
08/01/2046	410,000.00	2.500%	100.000%	410,000.00	25.7194444x	10,544,972.22
08/01/2047	430,000.00	2.500%	100.000%	430,000.00	26.7194444x	11,489,361.11
08/01/2048	450,000.00	2.500%	100.000%	450,000.00	27.7194444x	12,473,750.00
08/01/2049	470,000.00	2.500%	100.000%	470,000.00	28.7194444x	13,498,138.89
08/01/2050	490,000.00	2.500%	100.000%	490,000.00	29.7194444x	14,562,527.78
Total	\$8,200,000.00	-	-	\$8,251,362.90	-	\$153,805,645.30

Description of Bonds

Final Maturity Date	8/01/2050
Issue price of entire issue	8,251,362.90
Stated Redemption at Maturity	8,200,000.00
Weighted Average Maturity = Bond Years/Issue Price	18.640 Years
Bond Yield for Arbitrage Purposes	2.3830536%

Uses of Proceeds of Issue

Proceeds used for accrued interest	-
Proceeds used for bond issuance costs (including underwriters' discount)	437,354.26
Proceeds used for credit enhancement	(57,400.00)
Proceeds allocated to reasonably required reserve or replacement fund	-

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EXHIBIT E
BOND INSURANCE DOCUMENTS

[See attached.]

MUNICIPAL BOND INSURANCE COMMITMENT

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") hereby commits to issue its Municipal Bond Insurance Policy (the "Policy") relating to whole maturities of the debt obligations described in Exhibit A attached hereto (the "Bonds"), subject to the terms and conditions set forth in this Commitment, or added hereto (the "Commitment"). For the avoidance of doubt, each of the Exhibits attached hereto is an integrated part of this Commitment. To keep this Commitment in effect after the Expiration Date set forth in Exhibit A attached hereto, a request for renewal must be submitted to AGM prior to such Expiration Date. AGM reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The transaction documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any underwriter or purchaser of the Bonds, otherwise required, not to be required to underwrite or purchase the Bonds on the date scheduled for the issuance and delivery thereof ("Closing Date").
3. On the date hereof and on the Closing Date, there shall have been no material adverse change in or affecting the Issuer or the Bonds (including, without limitation, the security for the Bonds or the proposed debt service schedule of the Bonds), any disclosure document relating to the Bonds (the "Official Statement"), the financing documents to be executed and delivered with respect to the Bonds, the legal opinions to be executed and delivered in connection with the issuance and sale of the Bonds, or any other information submitted to AGM with respect to the referenced transaction, or the Bonds, from that previously delivered or otherwise communicated to AGM.
4. The Bonds shall contain no reference to AGM, the Policy or the insurance evidenced thereby except as may be approved by AGM. BOND PROOFS SHALL HAVE BEEN APPROVED BY AGM PRIOR TO PRINTING. The Bonds shall bear a Statement of Insurance in the form provided by AGM.
5. AGM shall be provided with:
 - (a) Executed copies of all financing documents, the Official Statement and the various legal opinions delivered in connection with the issuance and sale of the Bonds (which shall be dated the Closing Date and which, except for the opinions of counsel relating to the adequacy of disclosure, shall be addressed to AGM or accompanied by a letter of such counsel permitting AGM to rely on such opinion as if such opinion were addressed to AGM), including, without limitation, the approving opinion of bond counsel. Each of the foregoing shall be in form and substance acceptable to AGM. Copies of all drafts of such documents prepared subsequent to the date of the Commitment (blacklined to reflect all revisions from previously reviewed drafts) shall be furnished to AGM for review and approval. Final drafts of such documents shall be provided to AGM at least three (3) business days prior to the issuance of the Policy, unless AGM shall agree to some shorter period.
 - (b) Evidence of wire transfer in federal funds of an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Bonds.
 - (c) S&P Global and Moody's Investors Service Inc. will separately present bills for their respective fees relating to the Bonds. Payment of such bills should be made directly to such rating agency. Payment of the rating fee is not a condition to release of the Policy by AGM.
6. Promptly after the closing of the Bonds, AGM shall receive three completed sets of executed documents (one original and either (i) two photocopies (each unbound) or (ii) two compact discs).
7. The Official Statement shall contain the language provided by AGM and only such other references to AGM or otherwise as AGM shall supply or approve. AGM SHALL BE PROVIDED WITH FOUR PRINTED COPIES OF THE OFFICIAL STATEMENT.

8. AGM hereby verifies that AGM does not boycott Israel and will not boycott Israel through the term of this Commitment. For purposes of this paragraph 8, (i) "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes; and (ii) "AGM" means AGM and any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of AGM.

9. AGM hereby verifies that as of the Closing Date, AGM (i) does not engage in business with Iran, Sudan or any foreign terrorist organization as described in Subchapter F of Chapter 2252 of the Texas Government Code, and (ii) is not a company listed by the Texas Comptroller under Sections 2270.021 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this paragraph 9 has the meaning assigned to such term in section 2252.151 of the Texas Government Code. For purposes of this paragraph 9, "AGM" means AGM and any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of AGM.

EXHIBIT F
REIMBURSEMENT RESOLUTION

[See attached.]

THE STATE OF TEXAS §
COUNTY OF HAYS §
SOUTH BUDA WATER CONTROL §
AND IMPROVEMENT DISTRICT NO. 1 §

HOU:3804837.1