



Agenda Item Report

Legislative Board: City Council
Date: March 3, 2026
Contact: Bianca Redmon
Agenda Item ID / Number: 2026-236- / J.6

ITEM TITLE: Deliberation and possible action to consider an Ordinance on first and final reading authorizing the issuance of City of Buda, Texas Combination Tax and Limited Revenue Certificates of Obligation, Series 2026; Levying an Ad Valorem Tax and Pledging Certain Revenues in Support of the Certificates; Approving an Official Statement, a Paying Agent/Registrar Agreement and Other Related Documents; Awarding the Sale of the Certificates and Authorizing Other Matters Relating to the Certificates. (Finance Director Bianca Redmon, Jennifer Ritter of Specialized Public Finance, and Richard Donoghue of MPH Legal) [PUBLIC TESTIMONY]

1. EXECUTIVE SUMMARY

The City of Buda is proposing the issuance of \$28.1 million in Certificates of Obligation (COs) to fund critical projects as part of its 2026 Capital Improvement Plan (CIP). These COs will support significant improvements to the city's Sports Complex, parks, and water and wastewater improvements.

2. BACKGROUND/HISTORY

The City Council adopted the Fiscal Year 2026 Budget on September 16, 2025, which included an anticipated issuance of Certificate of Obligation's to support parks, reclaimed water, water, and wastewater capital improvement projects in the amount of \$28,073,155. Funding related to tax supported projects is estimated at \$13,528,000 and utility-supported funding is estimated at \$14,545,155.

On June 17, 2025, City Council adopted a reimbursement resolution in the amount of \$13,300,000 for expenditures related to Old Black Colony water storage facilities and the City's Sportsplex which allows the City to recover eligible project expenditures incurred before and after the resolution date using future bond proceeds. This provided flexibility for project financing and preserved cash flow by allowing the use of existing funds with the intent to replenish them once the debt is issued.

On December 2, 2025, City Council approved a resolution directing publication of the notice of intent to issue debt for the Certificates of Obligation. This notice was published in the Hays Free Press on December 10, 2025, December 17, 2025, and posted on the city's website, in compliance with legal requirements.

3. ANALYSIS

The Projects:

The anticipated bond issuance for the Certificates of Obligation in 2026 consists of the following projects outlined in the City's Five-Year Capital Improvement Plan:

CIP Project #	Project Name	FY 2026 Amount
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P04	Sports Complex Improvements	11,250,000
P19	City Park Phase II	1,428,000
P20	City Park Playground Replacement	850,000
RW02	Reuse Water System Expansion	1,750,000
W11	Old Black Colony Water Storage Facilities	2,245,155
W14	FM 2770 12" Waterline	1,500,000
WW11	Bradfield/Lifschutz 12"/16"/18" Gravity Interceptor Expansion	3,640,000
WW28	Railroad Crossing Replacement Line	450,000
WW32	FM 2770 Wastewater Line	4,160,000
WW33	WWTP Digester Rehab	800,000
	Total	\$28,073,155

Tax-Supported Portion: \$13,528,000

Utility-Supported Portion: \$14,545,155

The bond analysis includes the following assumptions:

- a March 2026 issuance
- a flat 5% interest rate (conservative estimate)
- 5% estimated assessed valuation growth over the next five years
- estimated tax collections rate of 99%
- refunding of the following bonds in February 2026:
 - Series 2014 CO
 - Series 2016 CO
 - Series 2016 GO
- Results in a change to the I&S portion of the tax rate in Fiscal Year 2027 from \$0.2594 to \$0.2859, an increase of \$0.0265.

Funding from other sources for the tax-supported projects could offset the increase of the I&S portion of the tax rate.

Assumptions will change based on final pricing of the COs and GO Refunding Bonds.

Credit Rating:

The City had an on-site visit ratings meeting with Standard & Poor (S&P) Global ratings on February 11, 2026. S&P Global Ratings affirmed the City of Buda's credit rating and assigned a stable outlook, reflecting its assessment that the City will continue to maintain stable operating performance and strong available reserves while managing ongoing economic growth. The stable outlook indicates confidence in the City's financial management practices, reserve levels, and ability to support planned capital investments. S&P noted that the rating could be lowered if future debt issuances significantly outpace tax base growth or if rising fixed costs materially weaken budgetary flexibility and reduce reserve levels. Conversely, the rating could be raised if the City's debt burden declines materially and if local income levels and economic activity continue to strengthen to levels consistent with higher-rated municipalities. Overall, the rating and outlook demonstrate continued external validation of the City's prudent financial stewardship and its capacity to responsibly issue and manage debt.

4. FINANCIAL IMPACT

Reference the City's Five-Year CIP 2026-2030 on the Finance Department's page of the city website for further information on each project.

The City would exercise the Reimbursement Resolution approved by City Council on June 17, 2025, for both the Sports Complex Improvements and the Old Black Colony Water Storage Facilities project which are both currently underway. This bond sale ensures adequate cash flow for these projects that have already begun.

The voter approved 2021 General Obligation Bonds still has an unissued balance of \$38,464,735 that is projected to increase the I&S rate when future debt is issued. These remaining bonds are anticipated to be issued in 2027 to finance construction of bond projects.

5. STRATEGIC PLAN/GOALS

EXCEPTIONAL CITY SERVICES

6. STRATEGIC PLAN OBJECTIVES

Maintain a fiscally responsible City property tax rate and competitive fee structure.

7. PROS AND CONS

- Pros:
 - Enables the City to fund needed capital projects based on assessed valuation growth.
 - One step closer to being able to exercise the adopted reimbursement resolution for capital projects that are currently underway.
 - Immediate access to capital for critical projects
- Cons:
 - Could increase the tax rate in the future.
 - Increased long-term debt obligations

8. ALTERNATIVES

The Council can choose to not issue bonds.

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION

Staff seeks Council's directive to adopt or reject the Ordinance for issuance of Certificates of Obligation, Series 2026.

Attachments:

[Presentation - CO 2026 Overview.pdf](#)
[S&P RATING REPORT.pdf](#)
[2026 CO Timetable.docx](#)
[CO 2026 CIP Projects.pdf](#)
[Ordinance - 2026 CO Bonds.pdf](#)
[City of Buda 2026 CO POS](#)