

SAMCO CAPITAL MARKETS, INC.

1020 N.E. LOOP 410, SUITE 640

SAN ANTONIO, TEXAS 78209

TELEPHONE 210-832-9760
877-340-1370

FACSIMILE 210-832-9794

January __, 2019

MEMORANDUM

\$2,530,000*

**Burnet County, Texas
Tax Notes, Series 2019**

Attached is an Invitation to Bid and Bid Form for the purchase of Burnet County, Texas Tax Notes, Series 2019 (the "Notes"). Also attached is a copy of the Purchase and Investment Letter and a copy of the *Texas Municipal Report*. SAMCO Capital Markets, Inc. serves as financial advisor to and is also qualified as an "independent registered municipal advisor" for the benefit of Burnet County, Texas (the "County") and will not submit a bid for the Notes.

If you are interested in submitting a bid to purchase the Notes, please submit your bid to:

Ms. Karen Hardin
Director of County Administration
Burnet County, Texas
220 S. Pierce Street
Burnet, Texas 78611-3189
Telephone: 512-715-5280
Fax: 512-715-5264
Email: khardin@burnetcountytexas.com

Copy to: Mr. Duane L. Westerman
Financial Advisor to the County
SAMCO Capital Markets, Inc.
1020 N.E. Loop 410, Suite 640
San Antonio, Texas 78209
Telephone: 210-832-9760
Fax: 210-832-9794
Email: dwesterman@samcocapital.com

Bids can be submitted in person, by fax, or by email. Each bidder is responsible for confirming that the bid was received.

Bids are due by 11:00 A.M. Central Time on Monday, February 11, 2019, and it is expected that the award to the winning bidder (the "Purchaser") and sale of the Notes to the Purchaser will be made on Tuesday, February 12, 2019.

If you would like additional information about the Notes or the County, please contact either the County Auditor or the County's Financial Advisor as shown above.

* Preliminary, subject to change.

**INVITATION TO BID
AND BID FORM**

\$2,530,000*
Burnet County, Texas
Tax Notes, Series 2019

Issuer: Burnet County, Texas (the "*County*").

Dated Date: March 1, 2019.

Due Date for Bids: Bids are due by 11:00 A.M. Central Time, on Monday, February 11, 2019, and it is expected that the award to the winning bidder (the "*Purchaser*") and sale of the Notes to the Purchaser will be made on Tuesday, February 12, 2019.

The Notes: The Notes are being issued in the principal amount of \$2,530,000* pursuant to the Constitution and general laws of the State of Texas (the "*State*"), particularly Chapter 1431, as amended ("*Chapter 1431*"), Texas Government Code, and an order authorizing the issuance of the Notes (the "*Order*") to be adopted by the Commissioners Court (the "*Court*") of the County on February 12, 2019.

The Notes are stated to mature on March 1 in each of the years 2020 through 2026, inclusive. Interest will be paid semi-annually on March 1 and September 1 of each year commencing September 1, 2019.

Delivery Date: Delivery of the Notes to the Purchaser is expected to occur on or about March 6, 2019.

No Redemption: The Notes will not be subject to prior redemption, unless so authorized by the Purchaser and agreed to by the County. The County will consider alternative call options presented by any bidders.

Tax-Exempt: In the opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, as bond counsel ("Bond Counsel"), the interest on the Notes will be excludable from the gross income of the owners thereof pursuant section 103 of the Internal Revenue Code of 1986, as amended, (the "*Code*") subject to certain legal matters including the alternative minimum tax on corporations.

Qualified Tax-Exempt Obligations: The Notes will be designated as "Qualified Tax-Exempt Obligations" for financial institutions pursuant to section 265 of the Code.

Use of Proceeds: The Notes will be used for (i) _____ and (ii) paying costs of issuance.

Security: The Notes are payable from an ad valorem tax levied annually against all taxable property located within the County, within the limitations prescribed by law.

Rating: The County does not expect to have the Notes rated.

* Preliminary, subject to change.

Purchase and

Investment Letter: A form of the Purchase and Investment Letter that the Purchaser will be required to execute is attached hereto as Exhibit A.

Other Fees: The County shall be responsible for the reimbursement to the Purchaser for any reasonable out-of-pocket legal fees and expenses in an amount not to exceed \$2,500.00 based upon the scope of financing as presented. Upon delivery of the Notes and payment of the purchase price by the Purchaser, any agreed upon legal fees and expenses incurred by the Purchaser shall be reimbursed by the County.

Please list any expenses you are expecting the County to pay:

For the legally issued Notes as described on page 1, we submit the following bid:

<u>Stated Maturity</u>	<u>Principal Amount(\$)* Due at Maturity</u>	<u>Coupon Interest Rate Bid (%)</u>	<u>Initial Yield</u>
3-1-2020	\$300,000		
3-1-2021	340,000		
3-1-2022	350,000		
3-1-2023	365,000		
3-1-2024	380,000		
3-1-2025	390,000		
3-1-2026	405,000		

* *Preliminary, subject to change.*

Through submittal of this executed Bid Form and execution of the Purchase and Investment Letter, the undersigned verifies that it does not and will not "boycott Israel" through the term of this agreement and is not on a list maintained by the Texas Comptroller of Public Accounts with respect to foreign terrorist organizations, as more fully described in the Purchase and Investment Letter.

It is anticipated the Notes will be delivered to the Purchaser on March 6, 2019 (the "Delivery Date"). Interest will accrue from the Delivery Date.

The winning bid will be determined by the bid which produces the lowest effective interest cost to the County.

**Conditions Precedent
to Closing:**

- Receipt of opinion from Bond Counsel stating that the Notes constitute a legal, valid, and binding obligation of the County.
- Receipt of the approving opinion of the Texas Attorney General with respect to the Notes.
- Receipt of a duly authorized Order from the Commissioners Court approving the issuance of the Notes.

- Successful negotiation of documentation acceptable to the Purchaser and the County related to the payment of the purchase price for and to the valid issuance, sale and delivery of and security for the Notes, including the execution and delivery of a Purchase and Investment Letter, in substantially the form accompanying this Invitation to Bid and Bid Form.
- Payment to the County by the Purchaser of the purchase price for the Notes.

As a condition to the award of the Notes, any privately held Winning Bidder will be obligated to file the appropriate HB 1295 forms with the Texas Ethics Commission as further described below. In addition, the Winning Bidder must execute an Issue Price Certificate as prepared by the County's Bond Counsel.

Effective January 1, 2018, pursuant to Texas Government Code Section 2252.908 ("the Interested Party Disclosure Act"), the County may not formally award the Notes to a bidder which is a privately held entity (a "Privately Held Bidder") unless such party submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the County as prescribed by the Texas Ethics Commission ("TEC"). In the event that a Privately Held Bidder's bid for the Notes is the best bid received, the County, acting through its municipal advisor, will promptly notify the winning Privately Held Bidder. That notification will serve as the County's conditional verbal acceptance of the bid and will obligate the winning Privately Held Bidder to file a completed Disclosure Form, as described below, in order to allow the Court to complete the award.

Reference should be made to the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the "Disclosure Rules") and the Interested Party Disclosure Act. Instructional information regarding such matters are set forth at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. For purposes of completing the Disclosure Form, the prospective winning Privately Held Bidder will need the following information: (a) item 2 – name of governmental entity: "Burnet County, Texas" and (b) item 3 - the identification number assigned to this contract by the County: "Burnet County TN 2019-Bid Form", and a description of the services to be provided under the contract: "Purchase of Notes pursuant to competitive bid". The Interested Party Disclosure Act and the Disclosure Rules require a non-publicly traded business entity contracting with the County to complete the form at the TEC Internet "portal" that may be accessed at the url set forth above, and then print, sign and deliver the Disclosure Form in electronic form to the County. Following the award of the Notes, the County will notify the TEC of the receipt of the completed Disclosure Form and certification of filing. The Disclosure Form must be sent by email, to the County's municipal advisor at dwesterman@samcocapital.com and the County's Bond Counsel at clayton.binford@nortonrosefulbright.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.

In accordance with the Interested Party Disclosure Act, the information reported by a winning Privately Held Bidder **MUST BE DECLARED BY AN AUTHORIZED AGENT OF THE WINNING PRIVATELY HELD BIDDER**. No exceptions may be made to that requirement. The Interested Party Disclosure Act provides that such acknowledgment is made "under oath and under penalty of perjury." Consequently, a Privately Held Bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the County, and no final award will be made by the County regarding the sale of the Notes until a completed Disclosure Form is received. If applicable, the County reserves the right to reject any bid that does not satisfy the requirement of a completed Disclosure Form, as described herein. Neither the County nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party have an obligation nor undertake responsibility for advising any bidder with respect to (a) the bidder's obligation to submit the Disclosure Form and (b) the proper completion of the

Disclosure Form. Consequently, an entity intending to bid on the Notes should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the County that its bid is the conditional winning bid.

IN NO EVENT SHALL THE COUNTY AGREE TO INDEMNIFY THE PURCHASER IN ANY MANNER RELATING TO THE NOTES FOR THE PURCHASER'S ROLE AS THE PURCHASER OR TO WAIVE ITS SOVEREIGN IMMUNITY OR ITS RIGHTS TO TRIAL BY JURY, NOR SHALL THE COUNTY AGREE TO BINDING ARBITRATION. LASTLY, THE COUNTY SHALL NOT AGREE TO PAY ANY COURT COSTS, OR ATTORNEYS' FEES RELATING TO THE NOTES (EXCEPT AS SET FORTH HEREIN) AND THE COUNTY SHALL NOT CONTRACTUALLY AGREE TO ANY PROVISIONS SEEKING TO LIMIT THE PURCHASER'S LIABILITY OR THE AMOUNT OR TYPES OF DAMAGES THAT THE COUNTY MAY RECOVER FROM THE PURCHASER.

THE TERMS AND CONDITIONS ABOVE ARE INTENDED TO BE A SUBSTANTIVE OUTLINE OF THE TRANSACTION RATHER THAN A FULL AND COMPLETE DESCRIPTION OF ALL TERMS OF THE LOAN DOCUMENTS, WHICH SHALL CONTAIN SUCH REPRESENTATIONS, WARRANTIES, COVENANTS, EVENTS OF DEFAULT, AND OTHER PROVISIONS AS MUTUALLY AGREED UPON BY THE PURCHASER AND THE COUNTY.

Respectfully submitted,

ACCEPTED this 12th day of February 2019 by the Commissioners Court of Burnet County, Texas.

Signature

Burnet County, Texas

DISTRIBUTION LIST

\$2,530,000
Burnet County, Texas
Tax Notes, Series 2019

WORKING GROUP	CONTACT	PHONE	FACSIMILE	E-MAIL ADDRESS
ISSUER				
Burnet County 220 South Pierce Burnet, Texas 78611	Hon. James Oakley, County Judge Karen Hardin, Director of County Administration	512-756-5466	512-756-9290	judgejamesoakley@gmail.com
		512-715-5280	512-756-9290	khardin@burnetcountytexas.com
FINANCIAL ADVISOR				
SAMCO Capital Markets, Inc. 1020 N.E. Loop 410, Suite 640 San Antonio, Texas 78209	Duane L. Westerman Allen R. Westerman Nick Westerman Mary Ann Davis	210-832-9760	210-832-9794	dwesterman@samcocapital.com awesterman@samcocapital.com nwesterman@samcocapital.com mdavis@samcocapital.com
PURCHASER				
BOND COUNSEL				
Norton Rose Fulbright US LLP 300 Convent, Suite 2100 San Antonio, Texas 78205	Clay Binford W. Jeffrey Kuhn Lauren Ferrero Julie Quisenberry	210-270-7102 210-270-7131 210-270-7118 210-270-7260	210-270-7205	clayton.binford@nortonrosefulbright.com w.jeffrey.kuhn@nortonrosefulbright.com lauren.ferrero@nortonrosefulbright.com julie.quisenberry@nortonrosefulbright.com
PAYING AGENT/REGISTRAR				

BURNET COUNTY, TEXAS

PROPOSED TAX NOTES

SERIES 2019

Proposed

FISCAL YEAR	CURRENTLY OUTSTANDING DEBT SERVICE REQUIREMENTS	PLUS:				GRAND TOTAL OF ALL DEBT SERVICE	LESS/PLUS** OTHER FUNDS	NET TOTAL DEBT SERVICE RQMTS	ESTIMATED TAX RATE REQUIRED	PROJECTED TAXABLE VALUATION	PROJECTED GROWTH IN TAX VALUE
30-Jun		PRINCIPAL DUE 2/15	INTEREST RATE	SERIES 2019 INTEREST DUE 2/15	INTEREST DUE 8/15	TOTAL					
2019	2,647,121.83		3.500%		43,750.00	43,750.00	2,690,871.83	-	2,690,872	\$0.04414	\$6,416,658,733
2020	2,671,872.00	300,000	3.500%	43,750.00	38,500.00	382,250.00	3,054,122.00		3,054,122	\$0.04961	\$6,480,825,320
2021	2,644,028.00	335,000	3.500%	38,500.00	32,637.50	406,137.50	3,050,165.50		3,050,166	\$0.04905	\$6,545,633,574
2022	2,626,669.50	345,000	3.500%	32,637.50	26,600.00	404,237.50	3,030,907.00		3,030,907	\$0.04826	\$6,611,089,909
2023	2,627,373.00	360,000	3.500%	26,600.00	20,300.00	406,900.00	3,034,273.00		3,034,273	\$0.04783	\$6,677,200,808
2024	2,530,020.00	375,000	3.500%	20,300.00	13,737.50	409,037.50	2,939,057.50				
2025	2,493,395.00	385,000	3.500%	13,737.50	7,000.00	405,737.50	2,899,132.50				
2026	1,074,770.00	400,000	3.500%	7,000.00		407,000.00	1,481,770.00				
2027	1,071,070.00			-	-	-	1,071,070.00				
2028	1,072,220.00			-	-	-	1,072,220.00				
2029	1,067,270.00			-	-	-	1,067,270.00				
2030	1,060,370.00			-	-	-	1,060,370.00				
2031	1,062,270.00			-	-	-	1,062,270.00				
2032	1,067,670.00			-	-	-	1,067,670.00				
2033	1,065,995.00						1,065,995.00				
2034	1,066,860.00						1,066,860.00				
2035	1,060,556.25						1,060,556.25				
2036	1,067,206.25						1,067,206.25				
	29,976,736.83	2,500,000		182,525.00	182,525.00	2,865,050.00	32,841,786.83				