**CITY OF LAREDO, TEXAS**
**MEMORANDUM FOR RECORD**
**FINANCIAL SERVICES DEPARTMENT**

To: Honorable Mayor and City Council Members

CC: Joseph W. Neeb, City Manager
Steve E. Landin, Assistant City Manager
Jose A. Valdez, Jr., Assistant City Manager
Ramon Chavez, Assistant City Manager

From: Francisco J. Mata, Director of Financial Services

Date: August 31, 2026

Subject: District Priority Funds Status Report

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Attached is the status report reflecting total District Priority Funds under the Capital Improvement Fund, Community Development Fund, and various bond programs. The report includes current project balances and unallocated reserves through August 31, 2026. An updated report will be provided monthly and/or upon request.

It is important to note that Sections 148 and 149 of the Internal Revenue Code of 1986 establish the federal requirements governing the use of tax-exempt bond proceeds.

IRS Publication 5271 reinforces these provisions by outlining the practical compliance expectations for issuers. After consultation with Bond Counsel's tax attorney, the following benchmarks were reaffirmed:

- At least 5% of proceeds must be spent within the first 6 months after issuance.
- At least 85% of proceeds must be spent within 3 years.
- Proceeds must be used for qualified governmental purposes and in a timely manner.
- Failure to spend all proceeds of tax-exempt obligations within 5 years may call into question the reasonable expectations upon which the obligations were issued.

As part of our continuing effort to ensure compliance with these federal provisions, please note that bond proceeds must be fully allocated within three (3) years from the date of issuance, consistent with IRS Publication 5271.

Should you have any questions or require additional information regarding this report, please contact me at (956) 791-7427 or Ms. Adriana R. Delgado, Financial Services Administrator, at (956) 791-7436.

It is always a pleasure serving you, and we look forward to your comments.