

**CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2026**

\$11,225,000

TRANSCRIPT OF PROCEEDINGS

BICKERSTAFF HEATH DELGADO ACOSTA LLP

INDEX

**\$11,225,000
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COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2026**

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THE STATE OF TEXAS §
COUNTY OF LLANO §
CITY OF SUNRISE BEACH VILLAGE §

1. The City Council of said City (the “Council”) convened in a regular session on October 28, 2025, at the regular meeting place in the Civic Center located at 124 Sunrise Drive, Sunrise Beach Village, Texas, and the roll was called of the duly constituted officers and members of said Council, to-wit:

and all of said persons were present, except for the following: _____; thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written Resolution entitled:

(the "Resolution") was duly introduced for the consideration of said Council. It was then duly moved and seconded that said Resolution be passed; and, after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried by the following vote:

ABSTENTIONS: 

2. A true, full and correct copy of the aforesaid Resolution passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Resolution has been fully recorded in the official minutes of said Council; the above and foregoing paragraph is a true, full and correct excerpt from the agenda of said meeting pertaining to the passage of said Resolution; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said Resolution, were the duly chosen, qualified and acting officers and members of said Council as indicated therein; each of said officers and members was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting and that said Resolution would be introduced and considered for passage

at said meeting, and each of said officers and members consented in advance to the holding of said meeting for such purpose; and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED this 28th of October 2025.



City Secretary
City of Sunrise Beach Village, Texas

[CITY SEAL]



RESOLUTION NO. 283

RESOLUTION EXPRESSING INTENT TO FINANCE EXPENDITURES TO BE INCURRED BY THE CITY OF SUNRISE BEACH VILLAGE, TEXAS

WHEREAS, the City of Sunrise Beach Village, Texas (the "Issuer" or "City") is a Type A general law municipality and political subdivision of the State of Texas authorized to issue obligations to finance its activities pursuant to the Certificate of Obligation Act of 1971, TEXAS LOCAL GOVERNMENT CODE, §§ 271.041, et seq.;

WHEREAS, the Issuer will make, or has made not more than 60 days prior to the date hereof, payments with respect to the project listed on Exhibit "A" attached hereto;

WHEREAS, the Issuer desires to reimburse itself for the costs associated with the project listed on Exhibit "A" attached hereto from the proceeds of the obligations to be issued subsequent to the date hereof; and,

WHEREAS, the Issuer reasonably expects to issue obligations to reimburse itself for the costs associated with the project listed on Exhibit "A" attached hereto.

NOW, THEREFORE, BE IT RESOLVED THAT:

Section 1. The Issuer reasonably expects to reimburse itself for all costs that have been or will be paid subsequent to the date that are 60 days prior to the date hereof and that are to be paid in connection with the project listed on Exhibit "A" (the "Project") attached hereto from the proceeds of obligations to be issued subsequent to the date hereof.

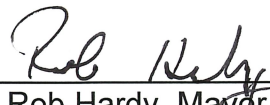
Section 2. This Resolution is also made to evidence the intent of the Issuer to make such reimbursements under Section 1201.042, Texas Government Code and 26 CFR §1.150-2.

Section 3. The Issuer reasonably expects that the maximum principal amount of obligations issued to reimburse the Issuer for the costs associated with the projects listed on Exhibit "A" attached hereto will not exceed \$12,000,000.

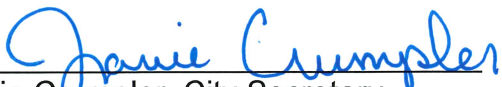
Section 4. The Issuer intends to reimburse the expenditures hereunder not later than 18 months after the later of the date the original expenditure is paid or the date the projects are placed in service or abandoned, but in no event more than three years after the original expenditure is paid unless the project for which the expenditure is paid is a construction project for which the Issuer and a licensed architect or engineer have certified on Exhibit "A" that at least five years are necessary to complete the project in which event the maximum reimbursement period is five years after the date of the original expenditure.

ADOPTED this 28th DAY OF OCTOBER 2025.

CITY OF SUNRISE BEACH VILLAGE,
TEXAS

By: 
Rob Hardy, Mayor

ATTEST:


Janie Crumpler, City Secretary

[CITY SEAL]



[SIGNATURE PAGE]

EXHIBIT "A"

DESCRIPTION OF PROJECTS

(1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the aforementioned public works.

Such financing to be in an amount not to exceed \$12,000,000 will be made from the General Fund.

THE STATE OF TEXAS §
COUNTY OF LLANO §
CITY OF SUNRISE BEACH VILLAGE §

1. The City Council of said City (the “Council”) convened in a special session on October 28, 2025, at the regular meeting place in the Civic Center located at 124 Sunrise Drive, Sunrise Beach Village, Texas, and the roll was called of the duly constituted officers and members of said Council, to-wit:

and all of said persons were present, except for the following: _____; thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written Resolution entitled:

(the "Resolution") was duly introduced for the consideration of said Council. It was then duly moved and seconded that said Resolution be passed; and, after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried by the following vote:

2. A true, full and correct copy of the aforesaid Resolution passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Resolution has been fully recorded in the official minutes of said Council; the above and foregoing paragraph is a true, full and correct excerpt from the agenda of said meeting pertaining to the passage of said Resolution; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said Resolution, were the duly chosen, qualified and acting officers and members of said Council as indicated therein; each of said officers and members was duly and sufficiently notified officially and personally in advance, of the time, place and purpose

of the aforesaid meeting and that said Resolution would be introduced and considered for passage at said meeting, and each of said officers and members consented in advance to the holding of said meeting for such purpose; and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED this 28th of October 2025.



City Secretary
City of Sunrise Beach Village, Texas



RESOLUTION NO. 284
RESOLUTION AUTHORIZING PUBLICATION
OF NOTICE OF INTENTION TO ISSUE
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026

THE STATE OF TEXAS §
COUNTY OF LLANO §
CITY OF SUNRISE BEACH VILLAGE §

WHEREAS, the City Council of the City of Sunrise Beach Village, Texas (the "City Council") deems it advisable to give notice of intention to issue combination tax and revenue certificates of obligation of said City, as hereinafter provided; and

WHEREAS, it is officially found and determined that the meeting at which this Resolution has been considered and acted upon was open to the public and public notice of the time, place and subject of said meeting was given, all as required by Chapter 551, Texas Government Code, as amended;

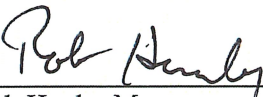
NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNRISE BEACH VILLAGE, TEXAS:

Section 1. FORM OF NOTICE. Attached hereto and marked Exhibit "A" is a form of Notice of Intention to Issue Combination Tax and Revenue Certificates of Obligation, Series 2026, the form and substance of which are hereby adopted and approved.

Section 2. PUBLICATION OF NOTICE. Said Notice shall be published, in substantially the form attached hereto, in a newspaper, as defined in Subchapter C of Chapter 271, Texas Government Code, of general circulation in said City once a week for two consecutive weeks, the date of the first publication thereof to be at least forty-five (45) days prior to the date tentatively set for passage of the ordinance authorizing the issuance of such certificates.

Section 3. POSTING OF NOTICE ON WEBSITE. Further, said Notice shall be posted in substantially the form attached hereto continuously on the City's website for at least forty-five (45) days prior to the date tentatively set for passage of the ordinance authorizing the issuance of such certificates.

PASSED AND APPROVED THIS 28th DAY OF OCTOBER 2025.



Rob Hardy, Mayor

ATTEST:



Jamie Crumpler, City Secretary



[CITY SEAL]

Exhibit "A"

**NOTICE OF INTENTION TO ISSUE
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026**

NOTICE IS HEREBY GIVEN that the City Council of the City of Sunrise Beach Village, Texas, will convene at the Federated Church, 105 E. Lakeshore, Sunrise Beach Village, Texas 78643, at 1:30 p.m. on Thursday, January 15, 2026, and, during such meeting, the City Council will consider passage of an ordinance and take such other actions as may be deemed necessary to authorize the issuance of combination tax and revenue certificates of obligation in an aggregate principal amount not to exceed \$12,000,000 for the purpose of paying contractual obligations of the City to be incurred for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the aforementioned public works. The certificates of obligation will be payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the City and a limited pledge (not to exceed \$1,000) of the surplus revenues of the City's Waterworks System. The certificates of obligation are to be issued, and this notice is given, under and pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Local Government Code, Section 271.041, et seq.

As further required by Local Government Code Section 271.049(b)(4), the following additional information is provided:

- (A) The current principal of all outstanding debt obligations of the City is \$1,245,000.
- (B) The current combined principal and interest required to pay all outstanding debt obligations of the City on time and in full is \$1,354,175.
- (C) The maximum principal amount of the certificates to be authorized is \$12,000,000.
- (D) The estimated combined principal and interest required to pay the certificates to be authorized on time and in full is approximately \$19,746,142.
- (E) The maximum interest rate for the certificates to be authorized is 4.75%.
- (F) The maximum maturity date of the certificates to be authorized is August 15, 2046.

Pursuant to Texas Local Government Code Section 271.049(c), an election on the question of the issuance of the certificates will be called if before the time tentatively set for the authorization and issuance or if before the authorization of the certificates, the City Secretary receives a petition signed by at least five percent of the qualified voters of the City protesting the issuance of the certificates, the City may not issue the certificates unless the issuance is approved at an election ordered, held and conducted in the manner provided for bond elections under Chapter 1251, Government Code.

/s/ Rob Hardy


Mayor, City of Sunrise Beach Village, Texas

AFFIDAVIT OF PUBLICATION

THE STATE OF TEXAS

§

§

COUNTY OF LLANO

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BEFORE ME, the undersigned authority, on this day personally appeared the person whose name is subscribed below, who, being by me first duly sworn, upon oath deposed and said:

1. That this affiant is a duly authorized officer or employee of *The Llano News*, which is a newspaper as defined in Subchapter C of Chapter 2051, Texas Government Code, of general circulation in the City of Sunrise Beach Village, Texas, and said newspaper devotes not less than twenty-five percent (25%) of its total column lineage to items of general interest, is published not less frequently than once each week, entered as second-class postal matter in the county where it is published and has been published regularly and continuously for not less than twelve (12) months prior to the date of the publication of said "NOTICE OF INTENTION TO ISSUE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026."

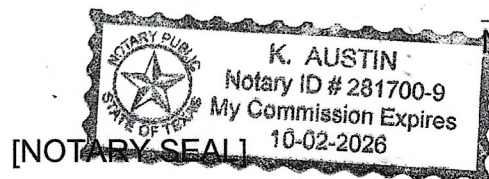
2. That attached hereto is a true, full and correct copy of the "NOTICE OF INTENTION TO ISSUE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026" which was published in said newspaper on the following dates, to wit:

November 6, 2025; and

November 13, 2025.

Cassandra Simpson
AUTHORIZED OFFICER OR EMPLOYEE

SWORN TO AND SUBSCRIBED BEFORE ME, this the 20th day of November, 2025.



[Signature]
Notary Public in and for the State of Texas

LEGALS

NOTICE OF INTENTION TO ISSUE
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026

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- (B) The current combined principal and interest required to pay all outstanding debt obligations of the City on time and in full is \$1,354,175.
- (C) The maximum principal amount of the certificates to be authorized is \$12,000,000.
- (D) The estimated combined principal and interest required to pay the certificates to be authorized on time and in full is approximately \$19,746,142.
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- (F) The maximum maturity date of the certificates to be authorized is August 15, 2046.

Pursuant to Texas Local Government Code Section 271.049(c), an election on the question of the issuance of the certificates will be called if before the time tentatively set for the authorization and issuance or if before the authorization of the certificates, the City Secretary receives a petition signed by at least five percent of the qualified voters of the City protesting the issuance of the certificates, the City may not issue the certificates unless the issuance is approved at an election ordered, held and conducted in the manner provided for bond elections under Chapter 1251, Government Code.

/s/ Rob Hardy
Mayor, City of Sunrise Beach Village, Texas

NOTICE IS HEREBY GIVEN IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THE TEXAS ALCOHOLIC BEVERAGE CODE THAT HIGHLAND RESERVES WINERY, LLC, HAS FILED ITS APPLICATION FOR THE WINE AND MALT BEVERAGE RETAIL DEALER'S ON-PREMISE PERMIT, TO BE ISSUED TO HIGHLAND RESERVES WINERY, LLC LOCATED AT 15603 E STATE HIGHWAY 29, BUCHANAN DAM, LLANO COUNTY, TX TANNER MCGHEHEY – MANAGING MEMBER

NOTICE TO CREDITORS: Notice is hereby given that original Letters of Independent Administration for the Estate of James Paul Crank, Deceased, were issued on October 21, 2025, in Cause No. 25-150-CCPR-00029, pending in the County Court of Llano County, Texas, to Tonya Blair. The residence of the Independent Executor is in Llano County, Texas, the post office address is Tonya Blair, c/o Brown, Lacallade, & Lange, P.C., P.O. Box 1956, Kingsland, Texas 78639. All persons having claims against this Estate which is currently being administered are required to present them within the time and in the manner prescribed by law. All persons having claims should address them in care of the representative at the address stated above. DATED the 30 th day of October 2025.

THERE WILL BE A PUBLIC HEARING CONCERNING THE REPLAT OF LOTS 46 & 47-A, ISLAND LODGES SUBDIVISION, SECTION NO. II, A LLANO COUNTY SUBDIVISION AS SHOWN ON PLATS RECORDED IN VOLUME 1, PAGE 66, AND INSTRUMENT NO. 21-09326 OF THE PLAT RECORDS OF LLANO COUNTY, TEXAS. TO BE KNOWN AS LOTS 46-A & 47-B, ISLAND LODGES SUBDIVISION, SECTION NO. II, TO BE HEARD AT THE REGULARLY SCHEDULED LLANO COUNTY COMMISSIONERS MEETING HELD ON NOVEMBER 24 TH , 2025.

THERE WILL BE A PUBLIC HEARING CONCERNING THE REPLAT OF THE NORTH HALF OF LOT 1039, INDIAN HILLS, SECTION ONE SUBDIVISION, A LLANO COUNTY SUBDIVISION AS SHOWN ON PLAT RECORDED IN VOLUME 1, PAGE 45 OF THE PLAT RECORDS OF LLANO COUNTY, TEXAS. TO BE KNOWN AS LOTS 1039A & 1039B, INDIAN HILLS, SECTION ONE, TO BE HEARD AT THE REGULARLY SCHEDULED LLANO COUNTY COMMISSIONERS MEETING HELD ON NOVEMBER 24 TH , 2025.

Notice to Creditors: Notice is hereby given that original Letters Testamentary for the Estate of JAMES DALE DENNIS, Deceased, were issued on 16 Day of October, 2025 under Docket No. 25-150-CCPR-00023 pending in the County Court of Llano County, Texas, to RONNIE LEE CHAPPELL. Claims may be presented in care of the attorney for the estate, addressed as follows: Estate of JAMES DALE DENNIS, Deceased c/o Moursund Law Offices, P.C. 7503 Hwy 2147, Suite 3 P.O. Box 7627 Horseshoe Bay, Texas 78657 All persons having claims against this estate, which is currently being administered, are required to present them within the time and in the manner prescribed by law. DATED October 31, 2025. MOURSUND LAW OFFICES, P.C. 7503 Hwy 2147, Suite 3 P.O. Box 7627 Horseshoe Bay, Texas 78657 830-598-6745 Fax No. 830-598-6372 E-Mail:bkhlaw@nctv.com /s/ BRAD K. HATFIELD-24007331 Attorney for Applicant

Branch Towers VI, LLC is proposing to construct a 280-foot tall (overall height) guyed-type telecommunications structure near 1320 County Road 306, Llano, Llano County, Texas (30° 43' 15.5" N, 98° 34' 9.6" W). Branch Towers VI, LLC invites comments from any interested party on the impact the proposed undertaking may have on any districts, sites, buildings, structures, or objects significant in American history, archaeology, engineering, or culture that are listed or determined eligible for listing in the National Register of Historic Places. Comments may be sent to Environmental Corporation of America, ATTN: Annamarie Howell, 1375 Union Hill Industrial Court, Suite A, Alpharetta, GA 30004 or via email to publicnotice@eca-usa.com. Ms. Howell can be reached at (770) 667-2040 x 108 during normal business hours. Comments must be received within 30 days of the date of this notice. 25-004471/MLJ

NOTICE TO CREDITORS: Notice is hereby given that original Letters Testamentary for the Estate of Bobby Lynn Reed, Deceased, were issued on October 2, 2025, in Cause No. 08713, pending in the County Court of Llano County, Texas to Jace Allen Reed . The residence of the Independent Executor is in Llano County, Texas, the post office address is Law Office of Nina Sanchez Willis, PO Box 891, Llano, Texas 78643 All persons having claims against this Estate which is currently being administered are required to present them within the time and in the manner prescribed by law. All persons having claims should address them in care of the representative at the address stated above. DATED the 2nd day of November, 2025.

NOTICE OF PUBLIC MEETING TO
DISCUSS LLANO ISD's
State Financial Accountability Rating

Llano ISD will hold a public meeting at
5:30 p.m., November 17, 2025, at the
Llano ISD Community Building
1400 Oatman Street
Llano, Texas

The purpose of this meeting is to
discuss Llano ISD's rating on the
State's Financial Integrity Rating
System of Texas (FIRST).

Materials to be discussed can be found
on the District's website:
www.llanoisd.org



Horseshoe Bay
TEXAS

City of Horseshoe Bay
REQUEST FOR PROPOSAL
CLEANING SERVICES

RFP NUMBER: 10232025
Date issued Wednesday, October 23, 2025
Response Deadline: 2:00 P.M. (CST), Wednesday, November 12th, 2025
All bids will be opened on this date.
All submissions must be submitted to:
City of Horseshoe Bay, Texas
1 Community Drive
Horseshoe Bay, Texas 78657
830-598-9907
risaac@horseshoe-bay-tx.gov
download RFP from City Website
www.horseshoe-bay-tx.gov

Packsaddle Title Co. will no longer be engaged in the Title Insurance business as of 12/31/2025.

If you have any questions or require further information, please contact us at 325-245-0200.

THE STATE OF TEXAS

THE STATE OF TEXAS: To all unknown heirs of the Estate of MARK RUSSELL CHRISTENSEN Deceased, Cause #25-150-CCPR-00051.

You and each of you are hereby cited, required and commanded to appear before the County Court of Llano County, Texas, to be held in the County Courtroom in the Courthouse of said County in the City of Llano in said County, such appearance to be at or before ten o'clock A.M. of the first Monday next after the expiration of ten days from the date of service, exclusive of the day of such service, which day and date of service shall be the date of publication that this newspaper bears, and which day of appearance will be the 17th day of November, 2025, at the County Courthouse in Llano, Texas.

All persons interested in said estate are hereby cited to appear before said Court at said above mentioned time and place by filing a written answer contesting such application should they desire to do so.

All interested persons are further advised that they have the right to employ an attorney and that if they or their attorney fail to file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of ten days after the publication of this citation, the Court may enter orders with binding effects upon said person.

GIVEN UNDER MY HAND AND SEAL OF SAID COURT THIS 31st day of October, 2025.

CECILIA MCCLINTOCK, Clerk of the LLANO COUNTY COURT

By: Cecilia McClintock Deputy



SHERIFF'S RETURN

Came to hand on the 4th day of November, 2025, at 8:00 o'clock, A. M., and executed by publication of the same in the Llano News, a newspaper published and of general circulation in said County of Llano in which said proceeding is pending by causing such citation to be printed and published in said newspaper for one issue thereof on the 6th day of November 20 25, which said date is not less than ten days, exclusive of the date of such publication, before the return day thereof, and I herewith return the affidavit of Cassandra Simpson an employee of the publisher of such newspaper showing the date the issue of the newspaper bore and having attached thereto a copy of such publication of such citation.

Returned this 4th day of November 20 25.

MARQUIS CANTU, Sheriff,
Llano County, Texas

By: Deputy

LEGALS

NOTICE OF INTENTION TO ISSUE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

NOTICE IS HEREBY GIVEN that the City Council of the City of Sunrise Beach Village, Texas, will convene at the Federated Church, 105 E. Lakeshore, Sunrise Beach Village, Texas 78643, at 1:30 p.m. on Thursday, January 15, 2026, and, during such meeting, the City Council will consider passage of an ordinance and take such other actions as may be deemed necessary to authorize the issuance of combination tax and revenue certificates of obligation in an aggregate principal amount not to exceed \$12,000,000 for the purpose of paying contractual obligations of the City to be incurred for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the aforementioned public works. The certificates of obligation will be payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the City and a limited pledge (not to exceed \$1,000) of the surplus revenues of the City's Waterworks System. The certificates of obligation are to be issued, and this notice is given, under and pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Local Government Code, Section 271.041, et seq.

As further required by Local Government Code Section 271.049(b)(4), the following additional information is provided:

- (A) The current principal of all outstanding debt obligations of the City is \$1,245,000.
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(E) The maximum interest rate for the certificates to be authorized is 4.75%.
(F) The maximum maturity date of the certificates to be authorized is August 15, 2046.

Pursuant to Texas Local Government Code Section 271.049(c), an election on the question of the issuance of the certificates will be called if before the time tentatively set for the authorization and issuance or if before the authorization of the certificates, the City Secretary receives a petition signed by at least five percent of the qualified voters of the City protesting the issuance of the certificates, the City may not issue the certificates unless the issuance is approved at an election ordered, held and conducted in the manner provided for bond elections under Chapter 1251, Government Code.

/s/ Rob Hardy
Mayor, City of Sunrise Beach Village, Texas

THERE WILL BE A PUBLIC HEARING CONCERNING THE REPLAT OF LOTS 46 & 47-A, ISLAND LODGES SUBDIVISION, SECTION NO. II, A LLANO COUNTY SUBDIVISION AS SHOWN ON PLATS RECORDED IN VOLUME 1, PAGE 66, AND INSTRUMENT NO. 21-09326 OF THE PLAT RECORDS OF LLANO COUNTY, TEXAS. TO BE KNOWN AS LOTS 46-A & 47-B, ISLAND LODGES SUBDIVISION, SECTION NO. II, TO BE HEARD AT THE REGULARLY SCHEDULED LLANO COUNTY COMMISSIONERS MEETING HELD ON NOVEMBER 24 TH , 2025.

THERE WILL BE A PUBLIC HEARING CONCERNING THE REPLAT OF THE NORTH HALF OF LOT 1039, INDIAN HILLS, SECTION ONE SUBDIVISION, A LLANO COUNTY SUBDIVISION AS SHOWN ON PLAT RECORDED IN VOLUME 1, PAGE 45 OF THE PLAT RECORDS OF LLANO COUNTY, TEXAS. TO BE KNOWN AS LOTS 1039A & 1039B, INDIAN HILLS, SECTION ONE, TO BE HEARD AT THE REGULARLY SCHEDULED LLANO COUNTY COMMISSIONERS MEETING HELD ON NOVEMBER 24 TH , 2025.

THERE WILL BE A PUBLIC HEARING CONCERNING THE REPLAT OF LOT 89, ROYAL OAKS ESTATES UNIT 10, A LLANO COUNTY SUBDIVISION AS SHOWN ON VOLUME 1, PAGE 92 OF THE PLAT RECORDS OF LLANO COUNTY, TEXAS. TO BE KNOWN AS LOTS 89A & 89B, ROYAL OAKS ESTATES UNIT 10, TO BE HEARD AT THE REGULARLY SCHEDULED LLANO COUNTY COMMISSIONERS MEETING HELD ON DECEMBER 8 TH , 2025.

Branch Towers VI, LLC is proposing to construct a 260-foot tall (overall height) self-supporting lattice telecommunications structure near 900 W Industrial Boulevard, Kingsland, Llano County, Texas (30° 40' 34.2" N, 98° 27' 34.8" W). Branch Towers VI, LLC invites comments from any interested party on the impact the proposed undertaking may have on any districts, sites, buildings, structures, or objects significant in American history, archaeology, engineering, or culture that are listed or determined eligible for listing in the National Register of Historic Places. Comments may be sent to Environmental Corporation of America, ATTN: Annamarie Howell, 1375 Union Hill Industrial Court, Suite A, Alpharetta, GA 30004 or via email to publicnotice@eca-usa.com. Ms. Howell can be reached at (770) 667-2040 x 108 during normal business hours. Comments must be received within 30 days of the date of this notice. 25-004358/MLJ

NOTICE TO CREDITORS: Notice is hereby given that Original Letters Testamentary for the Estate of Dennis E. Rhodes aka Dennis Edward Rhodes, Deceased, were issued on November 6, 2025 in Cause No. No: 25-150-CCPR-00022, pending in the County Court of Llano County, Texas, to Kathleen H. Rhodes. All persons having claims against this estate, which is currently being administered, are required to present them within the time and in the manner prescribed by law, addressed as follows: Kathleen H. Rhodes, representative, Estate of Dennis E. Rhodes, c/o McCartney Law Office, PLLC, P.O. Box 8857, Horseshoe Bay, TX 78657. Dated: November 6, 2025, Catherine G. McCartney, Attorney for Representative, State Bar No. 24081032, McCartney Law Office, PLLC, P.O. Box 8857, Horseshoe Bay, TX 78657, Ph (830) 598-4801, Fax (830) 598-4804.

Application has been made with the Texas Alcoholic Beverage Commission for a mixed Beverage Permit by MDALV,LLC dba Fuzzys's Corner, to be located at 15224 E State Hwy 29, Buchanan Dam, Llano County. Officer(s) of said entity are RAYFORD BURNAM, Manager.

NOTICE OF PUBLIC HEARING SUNRISE BEACH VILLAGE

The City of Sunrise Beach Village Board of Adjustment & Appeals [BOA&A] will hold a Called Meeting/Public Hearing on December 9, 2025, at 10:30 a.m. at the Civic Center, 124 Sunrise Dr., Sunrise Beach, TX. The BOA&A will consider a variance request to Zoning Ordinance Number 347.3. The request is to allow a porch cover to encroach into the 30' front setback- known as 318 Mountain View, Unit 3, Lot 270.

All interested citizens are invited to attend the hearing.

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ROB WILSON
ATTORNEY AT LAW
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**AFFIDAVIT OF POSTING
NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION**

STATE OF TEXAS	§
	§
COUNTY OF LLANO	§
	§
CITY OF SUNRISE BEACH VILLAGE	§

I, Janie Crumpler, an employee of the City of Sunrise Beach Village, Texas (the “City”) hereby certify that pursuant to the provisions of Section 271.049(a)(2), Texas Local Government Code, as amended:

I posted the attached Notice of Intention to Issue Combination Tax and Revenue Certificates of Obligation, prominently on the City’s website, <https://sunrisebeachtx.gov>, from November 12, 2025 through January 15, 2026. Attached is a screenshot of the posting of the Notice of Intention to Issue Combination Tax and Revenue Certificates of Obligation on the website.

By: 
Janie Crumpler
City Secretary

Dated: January 15, 2026

Wed, Nov 12th, 2025

Sunrise Beach Village

Life Is Better At The Beach



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- The Beachers
- Boards
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- Water Project Updates
- Boat Launch Applications



Notices

mb. Tax & Revenue Certificates of Obligation

IMPORTANT UPCOMING CHANGES TO UTILITIES & BOAT LAUNCH

Burn Permit Inf

NOTICE OF INTENTION TO ISSUE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

NOTICE IS HEREBY GIVEN that the City Council of the City of Sunrise Beach Village, Texas, will convene at the Federated Church, 105 E. Lakeshore, Sunrise Beach Village, Texas 78643, at 1:30 p.m. on Thursday, January 15, 2026, and, during such meeting, the City Council will consider passage of an ordinance and take such other action as may be deemed necessary to authorize the issuance of combination tax and revenue certificates of obligation in an aggregate principal amount not to exceed \$12,000,000 for the purpose of paying contractual obligations of the City to be incurred for (1) constructing two new 7500-gallon cisterns at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydro-pneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the aforementioned public works. The certificates of obligation will be payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the City and a limited pledge (not to exceed \$1,000) of the surplus revenues of the City's Waterworks System. The certificates of obligation are to be issued, and this notice is given, under and pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Local Government Code, Section 271.041, et seq.

As further required by Local Government Code Section 271.049(b)(4), the following additional information is provided:

- (A) The current principal of all outstanding debt obligations of the City is \$1,245,000.
- (B) The current combined principal and interest required to pay all outstanding debt obligations of the City on time and in full is \$1,354,175.
- (C) The maximum principal amount of the certificates to be authorized is \$12,000,000.
- (D) The estimated combined principal and interest required to pay the certificates to be authorized on time and in full is approximately \$19,746,142.
- (E) The maximum interest rate for the certificates to be authorized is 4.75%.
- (F) The maximum maturity date of the certificates to be authorized is August 15, 2046.

Pursuant to Texas Local Government Code Section 271.049(c), an election on the question of the issuance of the certificate will be called if before the time tentatively set for the authorization and issuance or if before the authorization of the certificates, the City Secretary receives a petition signed by at least five percent of the qualified voters of the City protesting the issuance of the certificates, the City may not issue the certificates unless the issuance is approved at an election ordered, held and conducted in the manner provided for bond elections under Chapter 1251, Government Code.

Rich Hardy
Mayor, City of Sunrise Beach Village, Texas

ALL EVENTS

ALL MEETINGS

CCAA EVENTS



Board of Adjustments
December 9, 2025 10:30 am



ESD Meeting November 17, 2025



City Council Special Called
Meeting November 13, 2025 10 am

THE STATE OF TEXAS §
COUNTY OF LLANO §
CITY OF SUNRISE BEACH VILLAGE §

1. The City Council of said City (the “Council”) convened in a regular session on January 15, 2026, at the Federated Church, located at 105 E. Lakeshore, Sunrise Beach Village, Texas, and the roll was called of the duly constituted officers and members of said Council, to-wit:

and all of said persons were present, except for the following: None; thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written Ordinance entitled:

(the "Ordinance") was duly introduced for the consideration of said Council. It was then duly moved and seconded that said Ordinance be passed; and, after due discussion, said motion, carrying with it the passage of said Ordinance, prevailed and carried by the following vote:

2. A true, full and correct copy of the aforesaid Ordinance passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Ordinance has been fully recorded in the official minutes of said Council; the above and foregoing paragraph is a true, full and correct excerpt from the agenda of said meeting pertaining to the passage of said Ordinance; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said Ordinance, were the duly chosen, qualified and acting

officers and members of said Council as indicated therein; each of said officers and members was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting and that said Ordinance would be introduced and considered for passage at said meeting, and each of said officers and members consented in advance to the holding of said meeting for such purpose; and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED this 15th of January 2026.



City Secretary
City of Sunrise Beach Village, Texas



AN ORDINANCE AUTHORIZING THE ISSUANCE OF “CITY OF SUNRISE BEACH VILLAGE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026”; AUTHORIZING THE SALE THEREOF; AND ENACTING PROVISIONS INCIDENT AND RELATED TO THE ISSUANCE OF SAID CERTIFICATES

DATE OF APPROVAL: JANUARY 15, 2026

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EXHIBIT A - PAYING AGENT/REGISTRAR AGREEMENT

ORDINANCE NO. 416

AN ORDINANCE AUTHORIZING THE ISSUANCE OF “CITY OF SUNRISE BEACH VILLAGE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026”; AUTHORIZING THE SALE THEREOF; AND ENACTING PROVISIONS INCIDENT AND RELATED TO THE ISSUANCE OF SAID CERTIFICATES

WHEREAS, the City Council of the City of Sunrise Beach Village, Texas (the “City” or “Village”) originally determined that it should issue certificates of obligation in an amount not to exceed \$11,225,000 for the purpose of paying contractual obligations to be incurred for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the aforementioned public works; and

WHEREAS, notice of intention to issue said certificates of obligation for such purposes has been published in a newspaper found and determined to be of general circulation in the City of Sunrise Beach Village, Texas, on November 6, 2025, and November 13, 2025, the date of the first publication of such notice being before the forty-fifth (45th) day prior to the tentative date stated therein for the passage of this ordinance; and

WHEREAS, on January 15, 2026, the City Council of the City of Sunrise Beach Village, Texas, convened at 1:30 p.m. and considered passage of an ordinance authorizing the issuance of said certificates of obligation (the “Ordinance”); and

WHEREAS, the certificates of obligation in the principal amount of \$11,225,000 should be sold for cash in accordance with the provisions of Texas Local Government Code § 271.052, as amended; and

WHEREAS, no petition protesting the issuance of the certificates of obligation described in the aforesaid notice, signed by at least 5% of the qualified electors of the City, has been presented to or filed with the City Secretary or any other City official on or prior to the date of the passage of this Ordinance; and

WHEREAS, no bond proposition to authorize the issuance of bonds for the same purpose as any of the projects being financed with the proceeds of the Certificates was submitted to the voters of the City during the preceding three years and failed to be approved; and

WHEREAS, this City Council hereby finds and determines that the above specified certificates of obligation described in said notice should be issued and sold at this time in the amount and manner hereinafter provided;

NOW THEREFOR, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SUNRISE BEACH VILLAGE, TEXAS:

ARTICLE I
DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Ordinance, the following terms shall have the meanings specified below:

“Authorized Officials” mean the Mayor and the City Comptroller, or any designee serving in the absence of the aforementioned officials.

“Certificate” or “Certificates” means the Combination Tax and Revenue Certificates of Obligation authorized to be issued by Section 3.01 of this Ordinance and designated as “City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026,” in the aggregate principal amount of \$11,225,000.

“City” means the City of Sunrise Beach Village, Texas.

“City Council” means the City Council of the City.

“Closing Date” means the date of the initial delivery of and payment for the Certificates.

“Code” means the Internal Revenue Code of 1986, as amended, including the regulations and published rulings thereunder.

“Defeasance Securities” mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts or approves the proceedings authorizing the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, and (iv) any other then authorized securities or obligations under applicable law of the State of Texas that may be used to defease obligations such as the Certificates.

“Designated Payment/Transfer Office” means the office of the Paying Agent which is designated for the presentment of the Certificates.

“DTC” means The Depository Trust Company, New York, New York, or any successor securities depository.

“DTC Participant” means any broker, dealer, bank, trust company, clearing corporation or certain other organizations with bonds credited to an account maintained on its behalf by DTC.

“Event of Default” means any event of default as defined in Section 10.01 of this Ordinance.

“Fiscal Year” means such fiscal year as shall from time to time be set by the City Council.

“Initial Certificate” means the initial certificate described in Sections 3.04(d) and 6.02(e) of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.04 of this Ordinance.

“Interest Payment Date” means the date or dates upon which interest on each Certificate is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15 of each year, commencing February 15, 2027.

“Mayor” means the Mayor of the City.

“Owner” or “Registered Owner” means the person who is the registered owner of a Certificate or Certificates, as shown in the Register.

“Paying Agent/Registrar” means initially BOKF, NA, Dallas, Texas, or any successor thereto as provided in this Ordinance.

“Purchaser” means Hilltop Securities Inc.

“Record Date” means the close of business on the last business day of the month preceding the month in which an Interest Payment Date occurs.

“Register” means the register specified in Section 3.06(a) of this Ordinance.

“Surplus Revenues” means those revenues of the City's Waterworks System available after deduction of the reasonable expenses of operation and maintenance of said Waterworks System and payment of all debt service, reserve and other requirements with respect to all of the City's revenue bonds and other obligations, now outstanding or hereafter issued, that are payable

from and secured by a lien on and pledge of all or part of the net revenues of said Waterworks System.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of the principal of or interest on the Certificates as the same come due and payable and remaining unclaimed by the Owners of Certificates for 90 days after the applicable payment or redemption date.

“Village” means the City of Sunrise Beach Village, Texas.

“Waterworks System” or “System” means the City’s waterworks utility system.

Section 1.02. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.03. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein.

ARTICLE II SECURITY FOR THE CERTIFICATES CREATION OF FUNDS

Section 2.01. Tax Levy for Payment of Certificates.

Pursuant to the authority granted by the Constitution and laws of the State of Texas, there shall be levied and there is hereby levied for the current year and each succeeding year thereafter while the Certificates or any interest thereon is outstanding and unpaid, an ad valorem tax within legal limitations on each \$100 valuation of taxable property in the City, at a rate sufficient within the limits prescribed by law to pay the debt service requirements on the Certificates, being (i) the

interest on the Certificates and (ii) a sinking fund for their payment at maturity or a sinking fund of two percent (2%) per annum (whichever amount is the greater), when due and payable, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the debt service requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Interest and Sinking Fund. This governing body hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the debt service requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding obligations.

The amount of taxes to be provided annually and transferred by the Authorized Officials to the Interest and Sinking Fund for the payment of principal of and interest on the Certificates shall be determined and accomplished in the following manner:

(a) The City's annual budget shall reflect the amount of debt service requirements to become due on the Certificates in the next succeeding Fiscal Year of the City.

(b) The amount required to be provided in the succeeding Fiscal Year of the City from ad valorem taxes shall be the amount of the debt service requirements to be paid on the Certificates in the next succeeding Fiscal Year of the City.

(c) Following the final approval of the annual budget of the City, the governing body of the City shall, by Ordinance, levy an ad valorem tax at a rate sufficient to produce taxes in the amount determined in paragraph (b) above, to be utilized for purposes of paying the principal of and interest on the Certificates in the next succeeding Fiscal Year of the City.

If the liens and provisions of this Ordinance shall be released in a manner permitted by Article XI hereof, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit. In determining the aggregate principal amount of outstanding Certificates, there shall be subtracted the amount of any Certificates that have been duly called for redemption and for which money has been deposited with the Paying Agent/Registrar for such redemption.

Section 2.02. Revenue Pledge.

(a) The Certificates are additionally secured by and shall be payable from a limited pledge, not to exceed \$1,000, of the Surplus Revenues, such pledge authorized pursuant to Chapter 1502, Texas Government Code, as amended. Notwithstanding the requirements of Section 2.01, if Surplus Revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would be required to be levied pursuant to Section 2.01 may be reduced to the extent and by the amount of the Surplus Revenues then on deposit in the Interest and Sinking Fund.

(b) The Surplus Revenues, when and as received by the City, are hereby pledged to the payment of the Certificates and shall be deposited into the Interest and Sinking Fund.

Section 2.03. Effect of Pledge.

Chapter 1208, Texas Government Code, as amended, applies to the issuance of the Certificates and the pledge of the combination of taxes and revenues thereof granted by the City under Sections 2.01 and 2.02 of this Ordinance, and such pledge is therefor valid, effective, and perfected. If Texas law is amended at any time while the Certificates are outstanding and unpaid such that the pledge of the combination of taxes and revenues granted by the City under Sections 2.01 and 2.02 of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the Certificates the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 2.04. Interest and Sinking Fund.

(a) The City hereby establishes a special fund or account to be designated the “City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 Interest and Sinking Fund” (the “Interest and Sinking Fund”) said fund to be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City.

(b) Money on deposit in or required by this Ordinance to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on, redemption premium, if any, and principal of the Certificates when and as due and payable in accordance with their terms and this Ordinance.

Section 2.05. Project Fund.

(a) A special fund or account, to be designated the “City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 Project Fund” (the “Project Fund”) is hereby created and shall be established and maintained by the City at the official City depository. The Project Fund shall be kept separate and apart from all other funds and accounts of the City. The proceeds from the sale of the Certificates (other than proceeds representing accrued interest on the Certificates and any premium on the Certificates that is not used to pay costs of issuance in which shall be deposited in the Interest and Sinking Fund) shall be deposited in the Project Fund and payments therefrom shall be used solely for the purpose of paying contractual obligations to be incurred for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village

streets and drainage systems; and (8) professional services relating to the design, construction, and project management of the aforementioned public works.

(b) Surplus Project Funds. Any moneys remaining in the Project Fund after completion of the entirety of the contractual obligations authorized hereby shall be deposited into the Interest and Sinking Fund.

Section 2.06. Security of Funds.

All moneys on deposit in the Interest and Sinking Fund and the Project Fund for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of City funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

ARTICLE III
AUTHORIZATION: GENERAL TERMS AND PROVISIONS
REGARDING THE CERTIFICATES

Section 3.01. Authorization.

The City's certificates of obligation to be designated "City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026" (the "Certificates"), are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas. The Certificates shall be issued in the aggregate principal amount of \$11,225,000 for the purpose of paying contractual obligations to be incurred for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the aforementioned public works.

Section 3.02. Date, Denomination, Maturities and Interest.

(a) The Certificates shall bear interest on the unpaid principal amount thereof from February 19, 2026 (which date shall be the Dated Date noted on the Certificates). The Certificates shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof and shall be numbered separately from R-1 upward, except the Initial Certificate, which shall be numbered I-1.

(b) The Certificates shall mature on August 15 in the years and in the principal amounts and bear interest at the per annum rates set forth in the following schedule:

<u>Year of Maturity</u>	<u>Principal Installments</u>	<u>Interest Rate</u>
2030	\$440,000	5.00%
2031	465,000	5.00%
2032	485,000	5.00%
2033	510,000	5.00%
2034	535,000	5.00%
2035	565,000	5.00%
2036	590,000	5.00%
2037	620,000	5.00%
2038	650,000	5.00%
2039	685,000	5.00%
2040	720,000	4.00%
2041	750,000	4.00%
2042	775,000	4.00%
2043	810,000	4.00%
2044	840,000	4.00%
2045	875,000	4.00%
2046	910,000	4.00%

(c) Interest shall accrue and be paid on each Certificate respectively until its redemption or prior maturity from the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable on February 15 and August 15 of each year, commencing on February 15, 2027, computed on the basis of a 360-day year of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment.

(a) The principal of, redemption premium, if any, and interest on the Certificates shall be paid in lawful money of the United States of America.

(b) Interest on the Certificates shall be payable to the Owner whose name appears in the Register at the close of business on the last business day of the month preceding such Interest Payment Date (the “Record Date”); provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (the “Special Record Date”) will be established by the Paying Agent/Registrar (hereinafter defined and designated) if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be at least 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each

Owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing of such notice.

(c) Interest shall be paid by check, dated as of the Interest Payment Date, and sent by the Paying Agent/Registrar to each Owner, first-class United States mail, postage prepaid, to the address of each Owner as it appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and each Owner to whom interest is to be paid; provided, however, that the Owner shall bear all risk and expenses of such customary banking arrangements.

(d) The principal of each Certificate shall be paid to the Owner thereof on the due date (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office.

(e) If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, a legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in this Section.

Section 3.04. Control, Execution and Initial Registration.

(a) The Certificates shall be executed on behalf of the City by the Mayor and the City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Certificates shall have the same effect as if each of the Certificates had been signed manually and in person by each of said officers, and such facsimile seal on the Certificates shall have the same effect as if the official seal of the City had been manually impressed upon each of the Certificates.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Certificates ceases to be such officer before the authentication of such Certificates or before the delivery thereof, such facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Certificates. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Certificate delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which

certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one Initial Certificate representing the entire principal amount of all Certificates, payable in stated installment to the Purchaser, or their Representative, manually signed by the Mayor and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver registered definitive Certificates in accordance with instructions received from the Purchaser or its designee.

Section 3.05. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of making and receiving payment of the principal thereof and redemption premium (subject to the provisions herein that interest is to be paid to the person in whose name the Certificate is registered on the Record Date), if any, thereon, for the further purpose of making and receiving payment of the interest thereon, and for all other purposes, whether or not such Certificate is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Certificate shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange.

(a) So long as any Certificates remain outstanding, the City shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Certificates in accordance with this Ordinance.

(b) Registration of any Certificate may be transferred in the Register only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of the Certificates, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and the right of such assignee or assignees thereof to have the Certificate or any portion thereof registered in the name of such assignee or assignees. No transfer of any Certificate shall be effective until entered in the Register. Upon assignment and transfer of any Certificate or portion thereof, a new Certificate or Certificates will be issued by the Paying Agent/Registrar in conversion and exchange for such transferred and assigned Certificate. To the extent possible, the Paying Agent/Registrar will issue such new Certificate or Certificates in not more than three (3) business days after receipt of

the Certificate to be transferred in proper form and with proper instructions directing such transfer.

(c) Any Certificate may be converted and exchanged only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the Owner or assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantees of signatures satisfactory to the Paying Agent/Registrar, for a Certificate or Certificates of the same maturity and interest rate and in any authorized denomination and in an aggregate principal or maturity amount equal to the unpaid principal or maturity amount of the Certificate presented for exchange. If a portion of any Certificate is redeemed prior to its scheduled maturity as provided herein, a substitute Certificate or Certificates having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of \$5,000 at the request of the Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Owner upon surrender thereof for cancellation. To the extent possible, a new Certificate or Certificates will be required to be delivered by the Paying Agent/Registrar to the Owner of the Certificate or Certificates in not more than three (3) business days after receipt of the Certificate to be exchanged in proper form and with proper instructions directing such exchange.

(d) Each Certificate issued in exchange for any Certificate or portion thereof assigned, transferred or converted shall have the same principal maturity date and bear interest at the same rate as the Certificate for which it is being exchanged. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate. The Paying Agent/Registrar shall convert and exchange the Certificates as provided herein, and each substitute Certificate delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such substitute Certificate is delivered.

(e) The City will pay the Paying Agent/Registrar's reasonable and customary charge for the initial registration or any subsequent transfer, exchange or conversion of Certificates, but the Paying Agent/Registrar will require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, exchange or conversion of a Certificate. In addition, the City hereby covenants with the Owners of the Certificates that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Certificates, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer, registration, conversion and exchange of Certificates as provided herein.

(f) Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled balance of a Certificate.

Section 3.07. Cancellation.

(a) All Certificates paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance with this Ordinance, shall be canceled and destroyed upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall periodically furnish the City with certificates of destruction of such Certificates.

(b) Each substitute Certificate issued in conversion of and exchange for or replacement of (pursuant to the provisions of Sections 3.06, 3.08 and 3.09 hereof) any Certificate or Certificates issued under this Ordinance shall have printed thereon a Certificate of Paying Agent/Registrar, in the form hereinafter set forth. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, manually sign and date such Certificate of Paying Agent/Registrar, and no such Certificate shall be deemed to be issued or outstanding unless such Certificate of Paying Agent/Registrar is so executed. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Certificates in the manner prescribed herein, and said Certificates shall be of customary type and composition and be printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Subchapter D of Chapter 1201, Texas Government Code, the duty of conversion and exchange or replacement of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Certificate of Paying Agent/Registrar, the converted and exchanged or replaced Certificates shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Certificate which was originally delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(c) Certificates issued in conversion and exchange or replacement of any other Certificate or portion thereof (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates to be payable only to the Owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Certificates, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Certificates shall be payable, all as provided, and in the manner required or indicated, in the Form of Certificates set forth in this Ordinance.

Section 3.08. Temporary Certificates.

(a) Following the delivery and registration of the Initial Certificate and pending the preparation of definitive Certificates, the City may execute and, upon the City's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Certificates that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Certificates in lieu of which they are

delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Certificates may determine, as evidenced by their signing of such temporary Certificates.

(b) Until exchanged for Certificates in definitive form, such Certificates in temporary form shall be entitled to the benefit and security of this Ordinance.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar, and thereupon, upon the presentation and surrender of the Certificate or Certificates in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Certificate or Certificates of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Certificate or Certificates in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Certificates.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Certificate, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Certificate to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected herewith.

(b) In the event that any Certificate is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Certificate has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Certificate;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar, and acceptable to the City, to save the Paying Agent/Registrar and the City harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and Paying Agent/Registrar.

(c) If, after the delivery of such replacement Certificate, a bona fide purchaser of the original Certificate in lieu of which such replacement Certificate was issued presents for payment such original Certificate, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Certificate from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the City or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Certificate has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Certificate, may pay such Certificate.

(e) Each replacement Certificate delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such replacement Certificate is delivered.

Section 3.10. Book-Entry-Only System.

(a) The definitive Certificates shall be initially issued in the form of a separate single fully registered Certificate for each of the maturities thereof. Upon initial issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute Owner of such Certificate for the purpose of payment of principal of, premium, if any, and interest on the Certificates, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Certificates only to or upon the order of the respective Owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment

of, premium, if any, and interest on the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the Registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry-Only System.

In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter by and between the City, the Paying Agent/Registrar and DTC (the "Representation Letter"), and that it is in the best interest of the Owners of the Certificates that they be able to obtain certificated Certificates, or in the event DTC discontinues the services described herein, the City or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended; notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository; or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts, as identified by DTC. In such event, the Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

Section 3.12. Payments to Cede & Co.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificates are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Certificates, and all notices with respect to such Certificates, shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 3.13. Additional Obligations.

The City reserves the right to issue any additional obligations authorized by law and such obligations may be payable from ad valorem taxes within the limits prescribed by law, which may or may not be additionally secured by the Surplus Revenues of the City's Waterworks System. The City further reserves the right to issue any additional obligations secured by the net revenues on the City's Waterworks System, which are senior to the lien and pledge of the Surplus Revenues securing payment of the Certificates.

ARTICLE IV
REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 4.01. Limitation on Redemption.

The Certificates shall be subject to redemption before scheduled maturity only as provided in this Article IV.

Section 4.02. Optional Redemption. The City reserves the option to redeem Certificates maturing on and after August 15, 2036, in whole or in part, before their respective scheduled maturity dates, on August 15, 2035, or on any date thereafter (such redemption dates to be fixed by the City), at a price equal to the principal amount of the Certificates to be called for redemption plus accrued interest to the date fixed for redemption.

At least forty-five (45) days prior to an optional redemption date for the Certificates (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Certificates, the principal amount of each stated maturity to be redeemed, and the date of redemption therefor.

Section 4.03. Reserved.

Section 4.04. Partial Redemption.

(a) If less than all of the Certificates are to be redeemed and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed.

(b) A portion of a single Certificate of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Certificate is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Certificate as though it were a single Certificate for purposes of selection for redemption.

(c) Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Certificate or Certificates in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered, such exchange being without charge, notwithstanding any provision of Section 3.06 to the contrary.

(d) The Paying Agent/Registrar shall promptly notify the City in writing of the principal amount to be redeemed of any Certificate as to which only a portion thereof is to be redeemed.

Section 4.05. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Certificates by sending notice by first-class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Certificate (or part thereof) to be redeemed, at the address shown on the Register.

(b) The notice shall state the redemption date, the redemption price, the place at which the Certificates are to be surrendered for payment, and, if less than all the Certificates outstanding are to be redeemed, an identification of the Certificates or portions thereof to be redeemed.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) With respect to any optional redemption of the Certificates, unless all prerequisites to such redemption required by this Ordinance have been met, including moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed having been received by the Paying Agent/Registrar prior to the giving of notice of such redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of all prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, and if such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

Section 4.06. Payment Upon Redemption.

(a) Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Certificates to be redeemed on such date by setting aside and holding in trust such amounts received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Certificates being redeemed.

(b) Upon presentation and surrender of any Certificate called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Certificates to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.05 of this Ordinance, the Certificates or portions thereof called for redemption shall become due and

payable on the date fixed for redemption and, unless the City defaults in its obligation to make provision for the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Certificates or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Certificates are presented and surrendered for payment on such date.

(b) If the City shall fail to make provision for payment of all sums due on a redemption date, then any Certificate or portion thereof called for redemption shall continue to bear interest at the rate stated on the Certificate until paid or until due provision is made for the payment of same by the City.

Section 4.08. Lapse of Payment.

(a) Money set aside for the redemption of Certificates and remaining unclaimed by the Owners of such Certificates after the redemption date shall be segregated in a special escrow account and held in trust, uninvested, without interest, for the account of such Owners.

(b) Amounts held by the Paying Agent, which represent principal of and interest on the Certificates remaining unclaimed by the Owner after the expiration of three years from the date such amounts have become due and payable, shall be reported and disposed of by the Paying Agent in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

ARTICLE V PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

(a) The City hereby appoints BOKF, NA, Dallas, Texas, as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Certificate to which payments with respect to the Certificates shall be mailed, as provided herein. The City or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(b) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Certificates, and of all conversions, exchanges and replacements of such Certificates, as provided in the Ordinance.

Section 5.02. Paying Agent/Registrar Agreement. The Mayor is hereby authorized and directed to execute and deliver the Paying Agent/Registrar Agreement, substantially in the form

attached hereto as Exhibit A, with such changes as may be approved by the Mayor, such approval to be evidenced by his execution thereof. The signature of the Mayor shall be attested by the City Secretary.

Section 5.03. Qualifications.

Each Paying Agent/Registrar shall be (i) a banking corporation, a banking association or a financial institution organized and doing business under the laws of the United States or of any state thereof, (ii) authorized under such laws to exercise trust powers and (iii) subject to supervision or examination by a federal or state governmental authority.

Section 5.04. Maintaining Paying Agent/Registrar.

(a) At all times while any Certificates are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.03 of this Ordinance.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement in the manner specified in the preceding Sections 5.01 and 5.02 of this Ordinance.

Section 5.05. Termination.

The City, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination.

Section 5.06. Notice of Change to Owners.

Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first-class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.07. Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 5.08. Delivery of Records to Successor.

If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Certificates to the successor Paying Agent/Registrar.

ARTICLE VI
FORM OF THE CERTIFICATES

Section 6.01. Form Generally.

(a) The Certificates, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Certificates, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Certificates, as evidenced by their execution thereof.

(b) Any portion of the text of any Certificates may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Certificates.

(c) The Certificates shall be typed, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Certificates, as evidenced by their execution thereof.

(d) The Initial Certificate submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02. Form of the Certificates.

The form of the Certificates, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Certificates, shall be substantially as follows:

(a) Form of Certificate.

REGISTERED

REGISTERED

No. R-__

\$_____

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date: Interest Rate: Stated Maturity: CUSIP No.:
February 19, 2026 _____% August 15, 20__ 070321_____

Registered Owner: CEDE & CO.

Principal Amount _____ DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the “City”), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the “Register” maintained by the Paying Agent/Registrar at the close of business on the “Record Date,” which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

THIS CERTIFICATE IS ONE OF A SERIES of fully registered Certificates specified in the title hereof issued in the aggregate principal amount of \$11,225,000 (herein referred to as the “Certificates”), issued pursuant to a certain ordinance of the City (the “Ordinance”) for the purpose of paying contractual obligations to be incurred for the following purposes: (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the aforementioned public works.

THE CERTIFICATES maturing on and after August 15, 2036 may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the

Paying Agent/Registrar), on August 15, 2035, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption and upon 30 days prior written notice being sent by United States mail, first-class postage prepaid, to the Registered Owners of the Certificates to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance.

IF THIS CERTIFICATE (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

IN THE EVENT OF A PARTIAL REDEMPTION of the principal amount of this Certificate, payment of the redemption price of such principal amount shall be made to the Registered Owner only upon presentation and surrender of this Certificate to the Paying Agent/Registrar at its Designated Payment/Transfer Office, and there shall be issued to the Registered Owner hereof, without charge, a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum hereof. If this Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer this Certificate to an assignee of the Registered Owner within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

THE CERTIFICATES are payable from the levy of a direct and continuing ad valorem tax, within the limits prescribed by law, against all taxable property in the City, and from a limited pledge, not to exceed \$1,000, of Surplus Revenues (as defined in the Ordinance) from the City's Waterworks System. Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Registered Owner or Holder of this Certificate by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied and the revenue pledged for the payment of the Certificates; the terms and conditions relating to the transfer or exchange of this Certificate; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Certificate may be discharged at or prior to its maturity, and deemed to be no longer outstanding thereunder; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

THIS CERTIFICATE, subject to certain limitations contained in the Ordinance, may be transferred on the Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Registered Owner hereof, or his duly authorized agent. When a transfer on the Register occurs, one or more new fully registered Certificates of

the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

THE CITY AND THE PAYING AGENT/REGISTRAR, and any agent of either, shall treat the Registered Owner whose name appears on the Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to payment of principal at the Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a Certificate on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner of a Certificate appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Certificate and the series of which it is a part is duly authorized by law; that all acts, conditions and things to be done precedent to and in the issuance of this Certificate and the series of which it is a part, have been properly done, have happened and have been performed in regular and due time, form and manner as required by law; that proper provisions have been made for the levy and collection annually of taxes upon all taxable property in said City sufficient within the limits prescribed by law, and from a limited pledge of Surplus Revenues (as defined in the Ordinance) from the City's Waterworks System, to pay the interest on this Certificate and the series of which it is a part as due and to provide for the payment of the principal as the same matures; and that the total indebtedness of the City, including the Certificates, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City has caused this Certificate to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Secretary, and the official seal of the City has been duly impressed or placed in facsimile on this Certificate.

Mayor
City of Sunrise Beach Village, Texas

City Secretary
City of Sunrise Beach Village, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Certificates if such certificate on the Initial Certificate is fully executed.

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
OF THE STATE OF TEXAS	§	

I hereby certify that there is on file and of record in my office an Opinion of the Attorney General of the State of Texas to the effect that this Certificate has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that this Certificate has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, _____.

[SEAL]

Acting Comptroller of Public Accounts
of the State of Texas

(c) Form of Certificate of Paying Agent/Registrar.

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Certificate if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Certificate of this series of Certificates was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Certificates referred to in the within-mentioned Ordinance.

BOKF, NA
Dallas, Texas
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

(Please print or typewrite name and address, including zip code, of Transferee)

the within Certificate and all rights thereunder,

(Please insert Social Security or Taxpayer Identification Number)

and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears on the face of the within Certificate in every particular and must be guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority

(e) Form of Initial Certificate.

Heading and paragraph one shall be amended to read as follows:

REGISTERED
No. I-1

\$11,225,000

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date: February 19, 2026

Registered Owner: HILLTOP SECURITIES INC.

Principal Amount: ELEVEN MILLION TWO HUNDRED TWENTY-FIVE THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the “City”), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on August 15 in the years and in principal installments in accordance with the following schedule:

<u>Year of Maturity</u>	<u>Principal Installments</u>	<u>Interest Rate</u>
2030	\$440,000	5.00%
2031	465,000	5.00%
2032	485,000	5.00%
2033	510,000	5.00%
2034	535,000	5.00%
2035	565,000	5.00%
2036	590,000	5.00%
2037	620,000	5.00%
2038	650,000	5.00%
2039	685,000	5.00%
2040	720,000	4.00%
2041	750,000	4.00%
2042	775,000	4.00%
2043	810,000	4.00%
2044	840,000	4.00%
2045	875,000	4.00%
2046	910,000	4.00%

and to pay interest on the unpaid principal installments hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal installments of this Certificate are payable in the year of maturity or on a prepayment date to the Registered Owner hereof by BOKF, NA (the “Paying Agent/Registrar”), upon presentation and surrender, at its principal offices in Dallas, Texas (the “Designated Payment/Transfer Office”). Interest is payable to the Registered Owner of this Certificate whose name appears on the “Register” maintained by the Paying Agent/Registrar at the close of business on the “Record Date,” which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying

Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(f) Form of Statement of Insurance. A statement relating to a municipal bond insurance policy, if any, to be issued for the Certificates may be printed on each Certificate.

Section 6.03. CUSIP Registration.

The City may secure identification numbers ("CUSIP Numbers") and may authorize the printing of such numbers on the face of the Certificates. It is expressly provided, however, that the presence or absence of CUSIP Numbers on the Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP Numbers incorrectly printed on the Certificates.

Section 6.04. Legal Opinion.

The approving legal opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, may be printed on the reverse side of each Certificate, or may be attached to each Certificate.

ARTICLE VII SALE AND DELIVERY OF CERTIFICATES, DEPOSIT OF PROCEEDS

Section 7.01. Sale of the Certificates.

(a) The Certificates have been duly advertised for public sale; bids have been received pursuant thereto; and the Certificates are hereby sold and shall be delivered to the Purchaser at a price of \$12,123,998.76 (representing the par amount of the Certificates, plus a net premium in the amount of \$1,002,352.95, and less an underwriting discount of \$103,354.19. It is hereby determined that the bid from the Purchaser is at the lowest net effective interest rate and the best bid submitted for the Certificates, and that such sale is in the best interest of the City and the most advantageous and reasonably obtainable terms by the City. The Initial Certificate shall be registered in the name of Hilltop Securities Inc. Delivery of the Certificates shall be made to the Purchaser as soon as practicable after the adoption of this Ordinance and upon payment for the Certificates. The Mayor and other appropriate officials are hereby authorized and directed to execute the official bid form on behalf of the City, and the Mayor and all other officers, agents, and representatives of the City are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Certificates.

(b) The issue purchase price of the Certificates of \$12,227,352.95 (representing the par amount of the Certificates, plus a net reoffering premium in the amount of \$1,002,352.95), shall be applied as follows:

- (1) \$12,000,000.00 shall be deposited into the Project Fund (\$11,225,000.00 from the par amount of the Certificates and \$775,000 from the premium) for the following purposes: (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, and project management of the aforementioned public works; and
- (2) \$227,352.95 from the premium shall be used to pay the costs of issuance, consisting of:
 - \$120,821.50 for general costs of issuance;
 - \$103,354.19 for the underwriting discount; and
 - \$3,177.26 for the rounding amount.

Section 7.02. Approval of Official Statement.

The form and substance of the Official Statement for the Certificates and any addenda, supplement or amendment thereto (the "Official Statement") presented to and considered at this meeting is hereby in all respects approved and adopted. The Mayor and the City Secretary are hereby authorized and directed to execute the same and deliver appropriate numbers of executed copies thereof and of any closing certificates to the Purchaser. The use and distribution of the Preliminary Official Statement by the Purchaser is hereby ratified, approved and confirmed and is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, by the City Council. The Purchaser is hereby authorized to use and distribute the Official Statement in the re-offering, sale, and delivery of the Certificates to the public. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting.

Section 7.03. Control and Delivery of Certificates.

(a) The Mayor is hereby authorized to have control of the Initial Certificate and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Certificates shall be made to the Purchaser under and subject to the general supervision and

direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

ARTICLE VIII INVESTMENTS

Section 8.01. Investments.

(a) Money in the Interest and Sinking Fund, at the option of the City, may be invested in such securities or obligations as permitted under applicable law.

(b) Any securities or obligations in which such money is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.02. Investment Income.

Interest and income derived from investment of the Interest and Sinking Fund shall be credited to such Fund.

ARTICLE IX PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Certificates.

On or before each Interest Payment Date of the Certificates and while any of the Certificates are outstanding and unpaid, there shall be made available by the Authorized Officials to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of the Certificates as will accrue or mature on the applicable Interest Payment Date.

Section 9.02. Federal Tax Covenants.

The City covenants to take any action necessary to secure, or refrain from any action which would adversely affect, the treatment of the Certificates as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

- (1) to take any action to assure that no more than 10 percent of the proceeds of the Certificates or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide

for the payment of more than 10 percent of the debt service on the Certificates, in contravention of section 141(b)(2) of the Code;

- (2) to take any action to assure that in the event the “private business use” described in subsection (1) hereof exceeds 5 percent of the proceeds of the Certificates or the projects licensed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a “private business use” which is “related” and not “disproportionate,” within the meaning of section 141(b)(3) of the Code, to the governmental use;
- (3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Certificates (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;
- (4) to refrain from taking any action which would otherwise result in the Certificates being treated as “private activity bonds” within the meaning of section 141(b) of the Code;
- (5) to refrain from taking any action that would result in the Certificates being “federally guaranteed” within the meaning of section 149(b) of the Code;
- (6) to refrain from using any portion of the proceeds of the Certificates, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Certificates, other than investment property acquired with—
 - (i) proceeds of the Certificates invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Certificates are issued,
 - (ii) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and
 - (iii) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Certificates;
- (7) to otherwise restrict the use of the proceeds of the Certificates or amounts treated as proceeds of the Certificates, as may be necessary, so that the Certificates do not otherwise contravene the requirements of section 148 of the Code (relating to

arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

- (8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificates) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Certificates have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code;
- (9) to maintain such records as will enable the City to fulfill its responsibilities under this section and section 148 of the Code and to retain such records for at least six years following the final payment of principal and interest on the Certificates; and
- (10) to timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

In order to facilitate compliance with the above covenants (8) and (9), a "Rebate Fund" is hereby authorized to be established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the Certificate holders. The Rebate Fund is authorized to be established for the additional purpose of compliance with section 148 of the Code.

It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code as applicable to the Certificates, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Certificates, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Secretary and the Director of Finance of the City to execute any documents, certificates or reports required by the Code and to make such elections on behalf of the City which may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates.

Section 9.03. Other Representations and Covenants.

(a) The City will faithfully perform, at all times, any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in each Certificate; the City will promptly pay or cause to be paid the principal of and interest on each Certificate on the dates and at the places and manner prescribed in such Certificate; and the City will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The City is duly authorized under the laws of the State of Texas to issue the Certificates; all action on its part for the creation and issuance of the Certificates has been duly and effectively taken; and the Certificates in the hands of the Owners thereof are and will be valid and enforceable obligations of the City in accordance with their terms.

ARTICLE X
DEFAULT AND REMEDIES

Section 10.01. Events of Default.

Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an “Event of Default,” to wit:

- (i) the failure to make payment of the principal of, redemption premium, if any, or interest on any of the Certificates when the same becomes due and payable;
- (ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 30 days after notice of such default is given by any Owner to the City; or
- (iii) the City declares bankruptcy.

Section 10.02. Remedies for Default.

(a) Upon the happening of any Event of Default, then and in every case any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Certificates then outstanding.

Section 10.03. Remedies Not Exclusive.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI
DISCHARGE

Section 11.01. Discharge and Defeasance. If the City shall pay or cause to be paid, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

The Certificates, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at Stated Maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar or an authorized escrow agent, or (ii) Defeasance Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar or any trust company or commercial bank that does not act as a depository for the City, which Defeasance Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof.

ARTICLE XII
CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Definitions.

As used in this Article XII, the following terms have the meanings ascribed to such terms below:

“EMMA” means the Electronic Municipal Market Access System established by the MSRB.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

“SEC” means the United States Securities and Exchange Commission.

Section 12.02. Annual Reports.

The City shall provide annually to the MSRB through EMMA, within six months after the end of each fiscal year ending in or after 2026, financial information and operating data with respect to the City that is of the general type included in the Official Statement authorized by Section 7.02, being the information described in Tables 1 – 6 and 8 – 10 of the Official Statement. The City shall additionally provide audited financial statements to the MSRB through EMMA when and if available, and in any event, within 12 months after the end of each fiscal year ending in and after 2026. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will provide the MSRB through EMMA unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements shall be prepared in accordance with the accounting principles described in APPENDIX B of the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation. The City shall provide the updated information to the MSRB in an electronic format, which will be available through EMMA to the general public without charge.

If the City changes its fiscal year, it will notify the MSRB through EMMA of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC).

Section 12.03. Event Notices.

The City shall notify the MSRB through EMMA, in a timely manner not in excess of ten business days after the occurrence of any of the following events with respect to the Certificates:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates or other material events affecting the tax-exempt status of the Certificates;
7. Modifications to rights of holders of the Certificates, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For the purposes of the preceding (15) of this Section 12.03 of the Ordinance, the term, “financial obligation” means a: (A) Debt obligation; (B) Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) Guarantee of paragraph (A) or (B). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12 of the Securities Exchange Act of 1934.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 12.02 by the time required by this Section.

Section 12.04. Limitations, Disclaimers, and Amendments.

The City shall be obligated to observe and perform the covenants specified in this Article with respect to the City and the Certificates while, but only while, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice required by Section 12.03 of any bond calls and defeasance that cause the City to no longer be such an “obligated person.”

The provisions of this Article are for the sole benefit of the Holders and Beneficial Owners of the Certificates, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the financial results, condition, or prospects of the City or the State of Texas or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Article shall comprise a breach of or default under the Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and Beneficial Owners of the Certificates. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.02 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

ARTICLE XIII MISCELLANEOUS

Section 13.01. Further Procedures.

The Mayor and City Secretary, and all other officers, employees, and agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificates, the sale and delivery of the Certificates, and the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Certificates, the Mayor, City Manager and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Certificates by the Attorney General's office. In case any officer whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 13.02. Ordinance a Contract; Amendments.

The Ordinance shall constitute a contract with the Owners, from time to time, of the Certificates, binding on the City and its successors and assigns, and shall not be amended or

repealed by the City as long as any Certificate remains outstanding except as permitted in this Section. The City may amend the Ordinance without the consent of or notice to any Owners in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the Owners of all the Certificates affected, no such amendment, addition, or rescission may (1) make any change in the maturity of any of the outstanding Certificates; (2) reduce the rate of interest borne by any of the outstanding Certificates; (3) reduce the amount of the principal or maturity value of, or redemption premium, if any, payable on any outstanding Certificates; (4) modify the terms of payment or of interest or redemption premium on outstanding Certificates or any of them or impose any condition with respect to such payment; or (5) change the minimum percentage amount of the Certificates necessary to be held by registered owners for consent to such amendment.

Section 13.03. Public Meeting.

It is officially found, determined, and declared that the meeting at which this Ordinance has been read, passed and finally adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of the Open Meetings Act, Chapter 551, Texas Government Code.

Section 13.04. Governing Law.

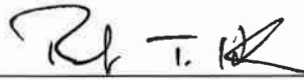
This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 13.05. Effective Date.

This Ordinance shall be in full force and effect from and after its passage on the date shown below.

[Remainder of this page intentionally left blank.]

PASSED AND APPROVED this 15th day of January 2026.



Mayor
City of Sunrise Beach Village, Texas

ATTEST:



City Secretary
City of Sunrise Beach Village, Texas



EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

[See complete copy at Tab 12.]

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS
ON
\$12,000,000*
CITY OF SUNRISE BEACH VILLAGE, TEXAS
(A political subdivision of the State of Texas located in Llano County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026**

Bids Due Thursday, January 15, 2026 at 9:30 AM, CST

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Sunrise Beach Village, Texas (the “City”), is offering for sale its \$12,000,000* Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”). Bids may be submitted by either of three alternative procedures: (i) written bids; (ii) electronic bids; or (iii) telephone or facsimile bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the City nor its Financial Advisor, Specialized Public Finance Inc., assume any responsibility or liability for a prospective bidding procedure.

The City and Specialized Public Finance Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of electronic bids.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Official Notice of Sale, for all alternative bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System (“PARITY”).

WRITTEN BIDS DELIVERED IN PERSON . . . Signed bids, plainly marked “Bid for Certificates,” should be addressed to “Mayor and City Council, City of Sunrise Beach Village, Texas,” and delivered to the City’s Financial Advisor, Specialized Public Finance Inc. at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 by 9:30 AM, CST on January 15, 2026 (the “date of the bid opening”). All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to the i-Deal LLC’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in the Notice of Sale, and shall be binding upon the bidder as if made by a signed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of the Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, (212) 404-8102.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under “BASIS FOR AWARD” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

BIDS BY TELEPHONE OR FACSIMILE . . . Bidders must submit SIGNED Official Bid Forms to Garry Kimball, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, and submit their bid by telephone or facsimile (fax) on the date of the bid opening.

Telephone bids will be accepted at (512) 275-7300, between 9:00 AM and 9:30 AM, CST on the date of the bid opening.

Fax bids must be received between 9:00 AM and 9:30 AM, CST, on the date of the bid opening at (512) 275-7305, attention Garry Kimball.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the above deadlines.

Specialized Public Finance Inc. assumes no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone or fax options are exercised.

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

SIGNED OFFICIAL BID FORM . . . The bidder whose bid is the winning bid in accordance with this Notice of Sale will be notified immediately and must submit via email a Signed Official Bid Form in connection with the sale, by 11:30 AM CST on the date of the sale to Monica Melvin, Specialized Public Finance Inc. at monica@spfmuni.com.

PLACE AND TIME OF BID OPENING . . . The bids for the Certificates will be received the Sunrise Beach Civic Center at 124 Sunrise Drive, Sunrise Beach Village, Texas 78643, at a meeting that convenes at 1:30 PM, CST on Thursday, January 15, 2026.

AWARD OF THE CERTIFICATES . . . The City Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 1:30 PM, CST, on the date of the bid opening. Upon awarding the Certificates, the City will also adopt the ordinance authorizing the Certificates (the “Ordinance”) and will approve the Official Statement for the Certificates (the “Official Statement”), which will be an amended form of the Preliminary Official Statement attached hereto (the “Preliminary Official Statement”). Sale of the Certificates will be made subject to the terms, conditions and provisions of the Ordinance to which Ordinance reference is hereby made for all purposes. The City reserves the right to reject any and all bids and to waive any and all irregularities, except time of filing.

WITHDRAWAL OF THE BIDS . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for twelve hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

EXTENSION OF SALE DATE . . . The City reserves the right to extend the date and/or time for the receipt of bids by giving notice by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CST on Wednesday, January 15, 2026 of the new date and time of receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

THE CERTIFICATES

DESCRIPTION . . . The Certificates will be dated February 19, 2026 (the “Dated Date”). Interest will accrue from the Date of Initial Delivery (defined herein) and will be due on February 15, 2027, and each August 15 and February 15 thereafter until the earlier of maturity or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on August 15 in each year as follows:

MATURITY SCHEDULE*

Maturity (August 15)	Principal Amount	Maturity (August 15)	Principal Amount
2030	\$ 475,000	2039	\$ 720,000
2031	500,000	2040	755,000
2032	520,000	2041	790,000
2033	545,000	2042	830,000
2034	570,000	2043	870,000
2035	600,000	2044	910,000
2036	625,000	2045	950,000
2037	655,000	2046	995,000
2038	690,000		

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates maturing on and after August 15, 2036, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser (defined herein) elects to aggregate two or more consecutive maturities as term Certificates.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES . . . Bidders may provide that all of the Certificates be issued as serial Certificates or may provide that any two or more consecutive annual principal amounts be combined into one or more term Certificates.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the book-entry-only system of The Depository Trust Company (“DTC”) (see “THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM” in the Official Statement).

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be BOKF, NA, Dallas, Texas (see “THE CERTIFICATES – PAYING AGENT/REGISTRAR” in the Official Statement).

SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City, within the limits prescribed by law, as provided in the Ordinance and a limited pledge of surplus revenues of the City’s waterworks system not to exceed \$1,000.

Further details regarding the Certificates are set forth in the Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . **The Certificates will be sold in one block on an “All or None” basis, and at a price of not less than 102% of their par value and not more than 112% of their par value.** Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.5% in rate. The maximum coupon rate shall not exceed 5.00%. For Certificates having stated maturities on and after August 15, 2036, no reoffering yield producing a dollar price less than 97% for any individual maturities will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. No bids involving supplemental interest rates will be considered. In the event of mathematical discrepancies between the interest rates and the interest cost determined therefrom, as both appear on the “Official Bid Form,” the bid will be determined solely from the interest rates shown on the “Official Bid Form.”

POST BID MODIFICATION OF PRINCIPAL AMOUNTS . . . After selecting the winning bid, the aggregate principal amount of the Certificates and the principal amortization schedule may be adjusted as determined by the City and its Financial Advisor in \$5,000 increments to reflect the actual interest rates. Such adjustments will not change the aggregate principal amount of the Certificates by more than 15% from the amount set forth herein. The dollar amount bid for the Certificates by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Certificates finally determined to be issued. The City will use its best efforts to communicate to the winning bidder any such adjustment within three (3) hours after the opening of bids. Purchaser’s compensation will be based upon the final par amount after any adjustment thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

In the event of any adjustment of the maturity schedule for the Certificates as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. The bid price for such an adjustment will reflect changes in the dollar amount of par amount of the Certificates from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. Any such adjustment of the aggregate principal amount of the Certificates and/or the maturity schedule for the Certificates made by the City or its Financial Advisor shall be subsequent to the award of the Certificates to the winning bidder as determined pursuant to “CONDITIONS OF THE SALE – BASIS FOR AWARD” herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

BASIS FOR AWARD . . . Subject to the City’s right to reject any or all bids and to waive any irregularities except time of bid submission, the sale of the Certificates will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the “Purchaser”) making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the date of initial delivery of all debt service payments on the Certificates on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid. In the event of a bidder’s error in interest cost rate calculations, the interest rates and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the City with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Purchaser will be required to provide the City with a breakdown of its “underwriting spread” among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

ESTABLISHING THE ISSUE PRICE FOR THE CERTIFICATES . . . The City intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of municipal bonds), which require, among other things, that the City receives bids from **at least three underwriters** of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (**the “Competitive Sale Requirement”**).

In the event that the bidding process does not satisfy the Competitive Sale Requirement, Bids will **not** be subject to cancellation and the winning bidder (i) agrees to promptly report to the City the first prices at which at least 10% of each maturity of the Certificates (**the “First Price Maturity”**) have been sold to the Public on the Sale Date (**the “10% Test”**) and (ii) agrees to hold-the-offering-price of each maturity of the Certificates that does not satisfy the 10% Test (**“Hold-the-Price Maturity”**), as described below.

In order to provide the City with information that enables it to comply with the establishment of the issue price of the Certificates under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the City or to the City's municipal advisor, Specialized Public Finance Inc. (the "City's Financial Advisor") the appropriate certification as to the Certificates' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions, at least 15 business days before the Closing Date if the Competitive Sale Requirement is satisfied or within 15 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Certificates for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the City. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale and Bidding Instructions:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party,

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates 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 Certificates to the Public),

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that 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 profits 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), and

(iv) "Sale Date" means the date that the Certificates are awarded by the City to the winning bidder.

All actions to be taken by the City under this Notice of Sale and Bidding Instructions to establish the issue price of the Certificates may be taken on behalf of the City by the City's Financial Advisor, and any notice or report to be provided to the City may be provided to the City's Financial Advisor.

The City will consider any bid submitted pursuant to this Notice of Sale and Bidding Instructions to be a firm offer for the purchase of the Certificates, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Certificates of that maturity, (B) to promptly notify the winning bidder of any sales of Certificates that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Certificates of that maturity. Sales of any Certificates to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale and Bidding Instruction.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Certificates, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the City when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

PROVISION OF TEXAS ETHICS COMMISSION FORM 1295 (“TEC FORM 1295”) . . . In accordance with Texas Government Code Section 2252.908 (the “Interested Party Disclosure Act”), the City may not award the Certificates to a bidder unless the winning bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the “TEC Form 1295”) to the City as prescribed by the Texas Ethics Commission (“TEC”), or

(ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

In the event that the bidder’s bid for the Certificates is the best bid received, the City, acting through its financial advisor, will promptly notify the winning bidder. That notification will serve as the City’s conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a TEC Form 1295, such notification will obligate the winning bidder to promptly file a completed TEC Form 1295, as described below, in order to allow the City to complete the award. The City reserves the right to reject any bid that does not comply with the requirements prescribed herein.

For purposes of completing the TEC Form 1295, box 2 is name of the governmental entity (*City of Sunrise Beach Village, Texas*) and box 3 is the identification number assigned to this contract by the City (*Sunrise Beach Village CO 2026*) and description of the goods or services (*purchase of the City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the “Disclosure Rules”) require certain business entities contracting with the City to complete the TEC Form 1295 electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, complete the unsworn declaration, sign, and deliver, electronically, the certified TEC Form 1295 that is generated by the TEC’s “electronic portal” to the City. The completed and signed TEC Form 1295 must be sent by email, to the City’s Financial Advisor at garry@spfmuni.com and Bond Counsel at gmiller@bickerstaff.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.**

To the extent that the bidder is not exempt from filing a TEC Form 1295 and therefor makes such filing with the City, the Interested Party Disclosure Act and the TEC 1295 provide that such declaration is made “under penalty of perjury.” Consequently, a bidder should take appropriate steps prior to completion of the TEC Form 1295 to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the TEC Form 1295. Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Certificates until a completed TEC Form 1295 is received. The City reserves the right to reject any bid that does not satisfy the requirement of a completed TEC Form 1295, as described herein. Neither the City nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC’s website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS . . . The City will not award the Certificates to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the “Government Code”), are included in the bid. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or Official Notice of Sale, notwithstanding anything in the Official Bid Form or Official Notice of Sale to the contrary.

- (i) **No Boycott of Israel (Texas Government Code Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.
- (ii) **Not a Sanctioned Company (Texas Government Code Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

- (iv) **No Boycott of Energy Companies (Texas Government Code Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT . . . Each prospective bidder must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the “All Bond Counsel Letter”). In submitting a bid, a bidder represents to the City that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The City will not accept a bid from a bidder (including each syndicate member listed on the Official Bid Form) that does not have such standing letter on file as of the deadline for bids for the Certificates. If requested by the City, the Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications (defined below), as of the Delivery Date or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

THE CITY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER WHO IS, OR WHOSE PARENT COMPANY, SUBSIDIARIES OR AFFILIATES ARE, ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR THE TEXAS ATTORNEY GENERAL OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES OR DISCRIMINATING AGAINST FIREARM ENTITIES.

BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE CITY AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.

To the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see “CONDITIONS OF THE SALE – Good Faith Deposit”). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH CHAPTERS 2252, 2271, 2274, AND 2276, TEXAS GOVERNMENT CODE, AS AMENDED (COLLECTIVELY, THE “COVERED VERIFICATIONS”) SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE CITY RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.**

IMPACT OF BIDDING SYNDICATE ON AWARD . . . For purposes of contracting for the sale of the Certificates, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Certificates. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

GOOD FAITH DEPOSIT . . . A bank cashier’s check, payable to the order of “City of Sunrise Beach Village” in the amount of \$240,000 which is 2% of the proposed par value of the Certificates (the “Good Faith Deposit”), is required to accompany any bid. The Good Faith Deposit of the Purchaser will be retained uncashed by the City pending the Purchaser’s compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to take up and pay for the Certificates in accordance with its bid then said check shall be cashed and accepted by the City and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the City that the Purchaser was found not to satisfy the requirements described under “Covered Verifications” and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then said check shall be cashed and accepted by the City but shall not be the sole or exclusive remedy available to the City. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the Date of Initial Delivery. No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Certificates has been made by the City.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Purchaser at the time the Certificates are awarded or as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Certificates shall be paid by the City.

DELIVERY OF CERTIFICATES . . . Delivery will be accomplished by the issuance of one Initial Certificate (also called the “Certificate” or “Certificates”), either in typed or printed form, in the aggregate principal amount of \$12,000,000*, payable in stated installments to the Purchaser, signed by the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Certificate, it shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC’s book-entry-only system. Delivery will be at the principal office of the Paying Agent/Registrar. Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six business days’ notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about February 19, 2026, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CST, on February 19, 2026, or thereafter on the date the Certificate is tendered for delivery, up to and including March 5, 2026. If for any reason the City is unable to make delivery on or before March 5, 2026, the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City’s reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Purchaser to take up and pay for the Certificates is subject to the Purchaser’s receipt of (a) the legal opinion of Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel for the City (“Bond Counsel”) and (b) the no-litigation certificate, all as further described in the Official Statement. In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Certificates from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City (no later than 5 business days before closing) a certification as to their “issue price” substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Certificates for sale, such certificate regarding “issue price” may be modified in a manner approved by the City. In no event will the City fail to deliver the Certificates as a result of the Purchaser’s inability to sell a substantial amount of the Certificates at a particular price prior to delivery. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate regarding “issue price” not later than the close of business on the business day following the award of the bid, if its bid is accepted by the City. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification regarding “issue price” with reasonable certainty. Any questions concerning such certification regarding “issue price” should be directed to Bond Counsel Gregory Miller, Bickerstaff Heath Delgado Acosta LLP at 512/472-8021.

LEGAL OPINION . . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Purchaser of opinions of Bond Counsel, to the effect that the Certificates are valid and binding obligations of the City (except as the enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors’ rights generally or by principles of equity which permit the exercise of judicial discretion) and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS” in the Official Statement.

NO MATERIAL ADVERSE CHANGE . . . The obligations of the City to deliver the Certificates and of the Purchaser to accept delivery of and pay for the Certificates are subject to the condition that at the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition of the City from those set forth in or contemplated by the “Preliminary Official Statement” as it may have been supplemented or amended through the date of sale.

NO-LITIGATION CERTIFICATE . . . On the Date of Initial Delivery of the Certificates to the Purchaser, the City will deliver to the Purchaser a certificate, as of the same date, to the effect that to the best of the City’s knowledge no litigation of any nature is pending or, to the best of the certifying officials’ knowledge or belief, threatened against the City, contesting or affecting the Certificates; restraining or enjoining the authorization, execution, or delivery of the Certificates; affecting the provision made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Certificates; or affecting the validity of the Certificates or the title of the present officials of the City.

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

GENERAL

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The City's Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as the City's Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Purchaser, at the Purchaser's written request and expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

ISSUANCE OF ADDITIONAL DEBT . . . The City does not anticipate issuing additional tax-supported debt within the next twelve months.

RATING . . . The City has applied for a rating on the Certificates from S&P Global Ratings ("S&P"). The presently outstanding uninsured general obligation debt of the City is rated "AA+" by S&P without regard to credit enhancement.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15C2-12 . . . The City has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The City will furnish to the Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, within seven (7) business days from the sale date copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Certificates. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the initial purchasers. The Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT . . . The City will agree in the Ordinance to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City has complied in all material respects with its previous continuing disclosure agreements entered into pursuant to the Rule.

The City Council has approved the form and content of the Notice of Sale and Bidding Instructions, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Certificates. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Certificates, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Purchaser.

/s/ Rob Hardy
Mayor
City of Sunrise Beach Village, Texas

ATTEST:

/s/ Janie Crumpler
City Secretary
City of Sunrise Beach Village, Texas

January 2, 2026

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Sunrise Beach Village, Texas
124 Sunrise Drive
Sunrise Beach Village, Texas 78643

October 21, 2025

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated January 2, 2026, of \$12,000,000* CITY OF SUNRISE BEACH VILLAGE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026 (the "Certificates"), both of which constitute a part hereof.

For your legally issued Certificates, in the aggregate principal amount of \$12,000,000*, we will pay you a price of \$_____, representing approximately _____% of the par value. Such Certificates mature August 15, in each of the years and in the amounts and interest rates shown below:

Maturity (August 15)	Principal Amount	Interest Rate	Maturity (August 1)	Principal Amount	Interest Rate
2030	\$ 475,000	_____%	2039	\$ 720,000	_____%
2031	500,000	_____%	2040	755,000	_____%
2032	520,000	_____%	2041	790,000	_____%
2033	545,000	_____%	2042	830,000	_____%
2034	570,000	_____%	2043	870,000	_____%
2035	600,000	_____%	2044	910,000	_____%
2036	625,000	_____%	2045	950,000	_____%
2037	655,000	_____%	2046	995,000	_____%
2038	690,000	_____%			

Of the principal maturities set forth in the table above, term certificates have been created as indicated in the following table (which may include multiple term certificates, one term certificate or no term certificate if none is indicated). For those years which have been combined into a term certificates the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term certificate maturity date shall mature in such year. The term certificates created are as follows:

Term Certificates Maturing August 15	Year of First Mandatory Redemption	Principal Amount	Interest Rate
_____	_____	\$ _____	_____%
_____	_____	\$ _____	_____%
_____	_____	\$ _____	_____%
_____	_____	\$ _____	_____%
_____	_____	\$ _____	_____%

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TRUE INTEREST COST _____%

The Initial Certificate shall be registered in the name of _____, which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the book-entry-only system.

*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Preliminary, subject to change.

A wire transfer or a cashiers or certified check to the City in the amount of \$240,0000 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Certificates in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the City as complete liquidated damages against us. Please check the box below to designate your Good Faith Deposit option.

We agree to accept delivery of the Certificates utilizing the book-entry-only system through DTC and make payment for the Initial Certificate in immediately available funds in the Corporate Trust Division, BOKF, NA, Dallas, Texas, not later than 10:00 AM, CST, on February 19, 2026, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

Upon notification of conditional verbal acceptance, the undersigned will either (1) complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Form 1295") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Form 1295 that is generated by the TEC's electronic portal will be printed, signed, notarized and sent by email to the City's Bond Counsel at gmler@bickerstaff.com and the City's Financial Advisor at garry@spfmuni.com or (2) provide written confirmation of its exemption from such requirement to complete a Form 1295. The undersigned understands that, unless exempt, the failure to provide the certified Form 1295 will prohibit the City from awarding the enclosed bid.

As used in the following verifications, "affiliate means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the bid or Notice of Sale, notwithstanding anything in the bid or Notice of Sale to the contrary.

- (i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
- (ii) Not a Sanctioned Company (Texas Government Code Chapter 2252). The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) No Boycott of Energy Companies (Texas Government Code Chapter 2276). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.
- (iv) No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

By submitting this bid, the Purchaser understands and agrees that if the Purchaser should fail or refuse to take up and pay for the Certificates in accordance with this bid, or it is determined that after the acceptance of this bid by the City that the Purchaser was found not to satisfy the requirements described in the Official Notice of Sale under the heading "CONDITIONS OF THE SALE" and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then the check submitted herewith as the Purchaser's Good Faith Deposit shall be cashed and accepted by the City. IF THE CITY CASHES THE PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications"), shall survive until barred by the statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

By submitting this bid, the Purchaser understands and agrees that it must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the "All Bond Counsel Letter"). In submitting this bid, the Purchaser represents to the City that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. The Purchaser hereby further agrees that it will not rescind its Standing Letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the delivery date of the Certificates or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

The Purchaser acknowledges that the City, in its sole discretion, has reserved the right to reject the bid of any bidder who is, or whose parent company, subsidiaries or affiliates are, on a list maintained by the Texas Comptroller or the Texas Attorney General of financial companies boycotting energy companies or discriminating against firearm entities.

The Purchaser understands and agrees that to the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE – GOOD FAITH DEPOSIT" in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THIS OFFICIAL BID FORM OF THE PURCHASER TO PURCHASE THE CERTIFICATES UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

The undersigned agrees to complete, execute, and deliver to the City, at least five business days prior to delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City and Bond Counsel.

The undersigned certifies that the Purchaser [is]/[is not] exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the City's Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Name of Purchaser or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by City of Sunrise Beach Village, Texas, this the 15th day of January, 2026.

ATTEST:

City Secretary
City of Sunrise Beach Village, Texas

Mayor
City of Sunrise Beach Village, Texas

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CERTIFICATE OF PURCHASER

(Sales where at least 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax and Revenue Certificates of Obligation, Series 2026 issued by the City of Sunrise Beach Village, Texas ("Issuer") in the principal amount of \$12,000,000* ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Certificates by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Certificates with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Certificates, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Certificates used by the Purchaser in formulating its bid to purchase the Certificates.

(b) The Purchaser had an equal opportunity to bid to purchase the Certificates 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).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Certificates.

(d) The Purchaser [has] [has not] purchased bond insurance for the Certificates. The bond insurance has been purchased from _____ (the "Insurer") for a fee of \$ _____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it 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 Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a 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 Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Arbitrage and Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Bickerstaff Heath Delgado Acosta LLP in connection with rendering its opinion that the interest on the Certificates 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 Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2026.

[NAME OF PURCHASER], as Purchaser

By: _____

Name: _____

*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Preliminary, subject to change.

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

CERTIFICATE OF PURCHASER

(Sales where 3 bids are not received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax and Revenue Certificates of Obligation, Series 2026 issued by the City of Sunrise Beach Village, Texas ("Issuer") in the principal amount of \$12,000,000* ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

(a) [Other than the Certificates maturing in _____ ("Hold-the-Price Maturities"), the][The] first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Certificates having the same credit and payment terms ("Maturity") was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices, as listed in the pricing wire or equivalent communication for the Certificates that is attached to this Certificate as Schedule A.

(Add (b) and (c) only if winning bidder designates one or more maturities as Hold-the-Price Maturities)

(b) On or before the first day on which there is a binding contract in writing for the sale of the Certificates ("Sale Date"), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices, as set forth in Schedule A hereto ("Initial Offering Price").

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for each such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells at least ten percent of a Hold-the-Price-Maturity of the Certificates to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Purchaser [has] [has not] purchased bond insurance for the Certificates. The bond insurance has been purchased from _____ (the "Insurer") for a fee of \$_____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it 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 Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a 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 Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Arbitrage and Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Bickerstaff Heath Delgado Acosta LLP in connection with rendering its opinion that the interest on the Certificates 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 Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2026.

[NAME OF PURCHASER], as Purchaser

By: _____

Name: _____

*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Preliminary, subject to change.

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

Dated January 2, 2026

Ratings:

S&P: "AA+"

(See "OTHER INFORMATION - Rating" herein)

NEW ISSUE – Book-Entry-Only

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and continuing compliance by the City with the covenants contained in the Ordinance and the Arbitrage and Tax Certificate, interest on the Certificates is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Certificates may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel expresses no opinion on any other federal tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates.



\$12,000,000*

CITY OF SUNRISE BEACH VILLAGE, TEXAS

(A political subdivision of the State of Texas located in Llano County)

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: February 19, 2026

Due: August 15, as shown on the inside cover page

Interest to accrue from the Date of Initial Delivery (defined herein)

PAYMENT TERMS . . . Interest on the \$12,000,000* City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates") will accrue from the Date of Initial Delivery, will be payable on February 15 and August 15 of each year commencing February 15, 2027 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar, defined below, to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM"). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE CERTIFICATES – PAYING AGENT/REGISTRAR").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended (the "Certificate of Obligation Act"), and Chapter 1502, Texas Government Code, as amended. The Certificates constitute direct obligations of the City of Sunrise Beach Village, Texas (the "City"), payable from a continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and a limited pledge of the surplus revenues of the City's waterworks system (not to exceed \$1,000) as provided in the ordinance authorizing the issuance of the Certificates (the "Ordinance") (see "THE CERTIFICATES – AUTHORITY FOR ISSUANCE" and "THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the Certificates.

CUSIP PREFIX: 070321

MATURITY SCHEDULE

See the Inside Cover Page

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates maturing on and after August 15, 2036, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – OPTIONAL REDEMPTION"). Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser elects to designate two or more consecutive maturities as Term Certificates.

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the initial purchaser (the "Purchaser") and subject to the approving opinion of the Attorney General of Texas and the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, Austin, Texas (see "APPENDIX C – FORM OF BOND COUNSEL'S OPINION").

DELIVERY . . . Delivery of the Certificates is expected through the facilities of DTC on February 19, 2026 (the "Date of Initial Delivery").

BIDS DUE ON THURSDAY, JANUARY 15, 2026, BY 9:30 AM, CST

*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS" in the Notice of Sale. Preliminary, subject to change.

MATURITY SCHEDULE*

Maturity (August 15)	Amount	Rate	Initial Yield	CUSIP Numbers ⁽¹⁾
2030	\$ 475,000			
2031	500,000			
2032	520,000			
2033	545,000			
2034	570,000			
2035	600,000			
2036	625,000			
2037	655,000			
2038	690,000			
2039	720,000			
2040	755,000			
2041	790,000			
2042	830,000			
2043	870,000			
2044	910,000			
2045	950,000			
2046	995,000			

(Interest accrues from the Date of Initial Delivery)

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS” in the Notice of Sale. Preliminary, subject to change.

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[The remainder of this page intentionally left blank.]

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), this document constitutes a preliminary official statement of the City with respect to the Obligations that has been “deemed final” by the City as of its date except for the omission of the information permitted by Subsection (b)(1) of the Rule.

No dealer, broker, salesman or other person has been authorized by the City or the Purchaser to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Financial Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy Certificates in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

The information set forth or included in this Official Statement has been provided by the City or obtained from other sources believed by the City to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE CERTIFICATES MAY BE CHANGED FROM TIME TO TIME BY THE PURCHASER AFTER THE CERTIFICATES ARE RELEASED FOR SALE, AND THE CERTIFICATES MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE CERTIFICATES INTO INVESTMENT ACCOUNTS.

NEITHER OF THE CITY NOR ITS FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. SEE “FORWARD-LOOKING STATEMENTS” HEREIN.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE CERTIFICATES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

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The cover page hereof, this page, the appendices and schedule included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY	The City of Sunrise Beach Village, Texas (the “City”), is a political subdivision located in Llano County, operating as a Type A general law city under the laws of the State of Texas (the “State”) and was incorporated in 1973. The City is approximately 2.3 square miles in area (see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY”).
THE CERTIFICATES	The Certificates are issued as \$12,000,000* Combination Tax and Revenue Certificates of Obligation, Series 2026. The Certificates are issued as serial Certificates maturing on August 15 in the years 2030 through 2046, inclusive, unless the Purchaser elects to aggregate two or more maturities as Term Certificates.
PAYMENT OF INTEREST	Interest on the Certificates accrues from the Date of Initial Delivery and is payable on February 15, 2027, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE CERTIFICATES – DESCRIPTION OF THE CERTIFICATES” and “THE CERTIFICATES – OPTIONAL REDEMPTION”).
AUTHORITY FOR ISSUANCE	The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended (the “Certificate of Obligation Act of 1971”), and Chapter 1502, Texas Government Code, as amended, and an ordinance to be adopted on the date of sale of the Certificates by the City Council of the City authorizing the Certificates (the “Ordinance”) (see “THE CERTIFICATES – AUTHORITY FOR ISSUANCE”).
SECURITY	The Certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and a limited pledge of surplus revenues of the City’s waterworks system not to exceed \$1,000 as provided in the Ordinance (see “THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT”).
REDEMPTION	The City reserves the right, at its option, to redeem Certificates maturing on and after August 15, 2036, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES – OPTIONAL REDEMPTION”). Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser elects to designate two or more consecutive maturities as Term Certificates.
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption “TAX MATTERS.”
USE OF PROCEEDS	Proceeds from the sale of the Certificates will be used for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the Certificates.
RATING	The City has applied for a rating on the Certificates from S&P Global Ratings (“S&P”). The presently outstanding uninsured general obligation debt of the City is rated “AA+” by S&P without regard to credit enhancement (see “OTHER INFORMATION – RATING”).

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS” in the Notice of Sale. Preliminary, subject to change.

BOOK-ENTRY-ONLY SYSTEM..... The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see “THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM”).

PAYMENT RECORD The City has never defaulted in the payment of its debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Funded Debt Outstanding at End of Year	Funded Debt Per Capita	Ratio of Funded Debt To Taxable Assessed Valuation	% of Total Tax Collections
2022	767	\$ 510,353,743	\$ 665,389	\$ 2,075,000	\$ 2,705	0.41%	100.00%
2023	785	640,034,707	815,331	1,820,000	2,318	0.28%	99.00%
2024	789	691,494,556	876,419	1,540,000	1,952	0.22%	98.00%
2025	803	782,975,908	975,063	1,245,000	1,550	0.16%	98.00%
2026	803	855,016,323	1,064,777	12,305,000 ⁽²⁾	15,324 ⁽²⁾	1.44% ⁽²⁾	N/A

(1) Source: The Municipal Advisory Council.

(2) Projected, includes the Certificates. Preliminary, subject to change.

[The remainder of this page intentionally left blank.]

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Term Expires</u>
Rob Hardy Mayor	May 2026
Rick Bruns Mayor Pro-Tem	May 2027
Mike Byrd Councilmember	May 2027
Jeff Cook Councilmember	May 2026
Steve Primm Councilmember	May 2027
Dan Gower Councilmember	May 2026

APPOINTED OFFICIALS

<u>Name</u>	<u>Position</u>
Sandy Penshorn	Comptroller
Janie Crumpler	City Secretary

CONSULTANTS AND ADVISORS

AuditorsNeffendorf & Blocker, P.C.
Fredericksburg, Texas

Bond Counsel Bickerstaff Heath Delgado Acosta LLP
Austin, Texas

Financial Advisor.....Specialized Public Finance Inc.
Austin, Texas

For additional information regarding the City, please contact:

Sandy Penshorn	Garry Kimball
Comptroller	Managing Director
City of Sunrise Beach Village	Specialized Public Finance Inc.
124 Sunrise Drive	248 Addie Roy Road, Suite B-103
Sunrise Beach Village, Texas 78643	Austin, Texas 78731
(325) 388-6438	(512) 275-7300
(325) 388-6973 Fax	(512) 275-7305 Fax

**PRELIMINARY OFFICIAL STATEMENT
RELATING TO
\$12,000,000*
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026**

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$12,000,000* City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the Certificates (the “Ordinance”) to be adopted on the date of sale of the Certificates by the City Council of the City of Sunrise Beach Village, Texas (the “City”) except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City’s Financial Advisor, Specialized Public Finance Inc., Austin, Texas, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Final Official Statement pertaining to the Certificates will be submitted to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the City’s undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State. The City became a Type A general law city in 2008. The City operates under the Council/Manager form of government where the Mayor and five Councilmembers are elected for staggered two-year terms. The Mayor serves as the City Administrator. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, sanitation services, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The estimated 2026 population is 803. The City covers approximately 2.3 square miles, see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY.”

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated February 19, 2026 and mature on August 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Certificates will accrue from the Date of Initial Delivery and will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable on February 15 and August 15, commencing February 15, 2027 until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry-only system described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See “BOOK-ENTRY-ONLY SYSTEM.”

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1502 Texas Government Code, as amended, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on the Certificates as provided in the Ordinance and a limited pledge of surplus revenue of the City’s waterworks system not to exceed \$1,000.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities to \$2.50 per \$100 taxable assessed valuation for all purposes. Administratively, the Texas Attorney General’s office will permit allocation of \$1.50 of the \$2.50 maximum tax rate for ad valorem tax debt.

*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS” in the Notice of Sale. Preliminary, subject to change.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Certificates maturing on and after August 15, 2036, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in book-entry-only form) shall determine by lot the Certificates or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first-class, postage prepaid, to the registered owners of the Certificate to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Certificates will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificate called for redemption or any other action premised or any such notice.

Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificate held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificate from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "Book-Entry-Only System" herein.

With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of an premium, if any, and interest on the Certificates to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Certificates, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

DTC REDEMPTION PROVISIONS . . . The Paying Agent/Registrar and the City so long as a book-entry-only system is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates to DTC. Any failure by DTC to advise any DTC Participant, or of any Direct Participant or Indirect Participant to notify the beneficial owner, shall not affect the validity of the redemption of the certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificates held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Certificates and such redemption will not be conducted by the City or the Paying/Agent Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC Participants, Indirect Participants or persons for whom DTC Participants, or beneficial owners of the selection of portions of the Certificates for redemption.

DEFEASANCE . . . General. The Ordinance provides for the defeasance of the Certificates and the termination of the pledge of taxes and all other general covenants in the Ordinance under certain circumstances. Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding ("Defeased Certificate") within the meaning of the Ordinance, except to the extent provided below for the Paying Agent/Registrar to continue payments and for the City to retain the right to call Defeased Certificates to be paid at maturity, when the payment of all principal and interest payable with respect to such Defeased Certificates to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (a) lawful money of the United States of

America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until after all Defeased Certificates shall have become due and payable or (c) any combination of (a) and (b). At such time as a Certificate shall be deemed to be a Defeased Certificate, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged as provided in the Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Certificate when proper notice of redemption of such Certificates shall have been given, in accordance with the Ordinance. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company may at the discretion of the City also be invested in Defeasance Securities, as hereinafter defined, maturing in the amounts and at the times as set forth in the Ordinance, and all income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be remitted to the City.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Ordinance for the payment of principal of the Certificates and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Certificates and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar or a commercial bank or trust company shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by the Ordinance.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company for the payment of Certificates and such Certificates shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Ordinance shall be made without the consent of the registered owner of each Certificate affected thereby.

Retention of Rights. To the extent that, upon the defeasance of any Defeased Certificates to be paid at its maturity, the City retains the right under State law to later call any Defeased Certificates which is subject to redemption (i.e. the Certificates) in accordance with the provisions of the Ordinance, the City may call such Defeased Certificates for redemption upon complying with the provisions of State law and upon the satisfaction of the provisions set forth above regarding such Defeased Certificates as though it was being defeased at the time of the exercise of the option to redeem the Defeased Certificates and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Certificates.

Investments. Any escrow agreement or other instrument entered into between the City and the Paying Agent/Registrar or a commercial bank or trust company pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or a commercial bank or trust company for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company which is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, will be remitted to the City.

For the purposes of these provisions, "Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Certificates are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Certificates, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Certificates. For the purposes of these provisions, "Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Certificates are registered in its nominee's name. The information in this section concerning DTC*

and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each stated maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding

detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Certificates held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriters take any responsibility for the accuracy thereof.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Purchaser.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer.

Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "– Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

RECORD DATE FOR INTEREST PAYMENT. . . The record date ("Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the last business day of the preceding month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder of an Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

CERTIFICATEHOLDERS' REMEDIES . . . The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the Certificateholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by the city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, Certificateholders may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property.

While the court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the proprietary-governmental dichotomy applies in contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018 clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code, determination of which will dictate the availability of the defense of immunity for causes of action arising under such contract.

As noted above, the Ordinance provides that Certificateholders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Certificateholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors.

AMENDMENTS TO THE ORDINANCE . . . In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any owners for the purpose of amending or supplementing such Ordinance to (1) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the owners, (2) grant additional rights or security for the benefit of the owners, (3) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the owners, (4) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (5) make such other provisions in regard to matters or questions arising

under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interest of the owners.

The Ordinance further provides that the owners of the Certificates aggregating in principal amount 51% of the outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the owners in original principal amount of the then outstanding Certificates no amendment may be made of the purpose of: (1) making any change in the maturity of any of the outstanding Certificates; (2) reducing the rate of interest borne by any of the outstanding Certificates; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates; (4) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates, or imposing any condition with respect to such payment; or (5) changing the minimum percentage of principal amount of the Certificates necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the Certificates.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Certificates will be applied approximately as follows:

Sources:

Principal

Bid Premium

Total Sources

Uses:

Deposit to Project Fund

Deposit to Debt Service Fund

Purchaser's Discount

Costs of Issuance

Total Uses

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AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Llano County Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "AD VALOREM PROPERTY TAXATION – CITY AND TAXPAYER REMEDIES."

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than \$5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT EXEMPTIONS . . . Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following

tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TAX INCREMENT FINANCING ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value", and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See "AD VALOREM PROPERTY TAXATION – CITY APPLICATION OF PROPERTY TAX CODE" for descriptions of any TIRZ created in the City.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "AD VALOREM PROPERTY TAXATION – CITY APPLICATION OF TAX CODE" for descriptions of any of the City's tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the City, see "AD VALOREM PROPERTY TAXATION – CITY APPLICATION OF TAX CODE" herein.

PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate."

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 15 or as soon as practicable thereafter.

A city must annually calculate its "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its “de minimis rate”, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its “voter-approval tax rate” using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City’s tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, the City and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value of at least \$50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “– PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS”). The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

DEBT TAX RATE LIMITATIONS . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

CITY’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent

taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of pricing information contained in either the standard edition of the Annual Energy Outlook published by the United States Energy Information Administration or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. Taxes become due October 1 of the same year, and become delinquent on February 15 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 15 of each year and the final installment due on August 15.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, up to 20% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City does grant an exemption to the market value of the residence homestead of persons 65 years of age or older.

The City has granted an additional exemption of 20% of the market value of residence homesteads.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and the City collects its own taxes.

The City does not permit split payments, and discounts are not allowed.

The City does not tax Freeport Property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has not adopted a tax abatement policy.

The City does not participate in any tax increment financing zones.

The City approved a tax freeze for persons 65 years of age or older and for disabled homesteads.

TABLE 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT

2025/2026 Taxable Assessed Valuation as Certified by Llano County Appraisal District		\$ 855,016,323
City Funded Debt Payable from Ad Valorem Taxes (as of 11/30/2025)	\$ 1,245,000 ⁽¹⁾	
The Bonds	<u>12,000,000 ⁽²⁾</u>	
Total Debt Payable from Ad Valorem Taxes		\$ 13,245,000
Interest and Sinking Fund (as of 11/30/2025)		\$ 384,957
Ratio Tax Supported Debt to Taxable Assessed Valuation		1.55%

2026 Estimated Population - 803

Per Capita Taxable Assessed Valuation - \$1,064,777

Per Capita General Obligation Debt Payable from Ad Valorem Taxes - \$16,494⁽¹⁾

- (1) Excludes the Certificates.
(2) Preliminary, subject to change.

TABLE 2 – VALUATION AND AD VALOREM TAX DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Fiscal Year	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2022	767	\$ 510,353,743	\$ 665,389	\$ 2,075,000	0.41%	\$ 2,705
2023	785	640,034,707	815,331	1,820,000	0.28%	2,318
2024	789	691,496,556	876,421	1,540,000	0.22%	1,952
2025	803	782,975,908	975,063	1,245,000	0.16%	1,550
2026	803	855,016,323	1,064,777	12,305,000 ⁽²⁾	1.44%	15,324

- (1) Source: The Municipal Advisory Council.
(2) Projected; includes the Certificates. Preliminary, subject to change.

TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution		Tax Levy	% Total Collections
		Local Maintenance	Interest and Sinking Fund		
2022	\$ 0.1851	\$ 0.1851	\$ -	\$ 895,840	100.00%
2023	0.1579	0.1579	-	973,593	99.00%
2024	0.1285	0.1285	-	908,114	98.00%
2025	0.1162	0.1162	-	948,180	98.00%
2026	0.1174	0.1174	-	999,356	N/A ⁽¹⁾

- (1) In the process of collection.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2025/2026	% of Total
	Taxable Assessed Valuation	Taxable Assessed Valuation
The Schultz Family Partnership LP	\$ 5,085,260	0.59%
WWBW Real Estate I Ltd.	4,792,490	0.56%
Sunrise Beach Investments LLC	4,559,527	0.53%
Buhrdorf, Ross A. 2021 Family Trust	4,068,610	0.48%
Heyl, Patrick & Barbara	4,018,020	0.47%
Douglas, Terry R. & Joni R.	3,748,930	0.44%
Donaldson Jr., David H. & Susan K.	3,466,866	0.41%
Lakehouse Real Estate Group LP	3,455,590	0.40%
The Lodge at Lake LBJ LLC	3,388,750	0.40%
Tapp, David & Cleo	3,343,311	0.39%
	<u>\$ 39,927,354</u>	<u>4.67%</u>

TABLE 5 – TAX ADEQUACY⁽¹⁾

2026 Principal and Interest Requirements	\$ 341,125
\$ 0.0408 Tax Rate at 98% Collection Produces	\$ 341,870
Average Annual Principal and Interest Requirements, 2026-2046	\$ 1,004,777
\$ 0.1200 Tax Rate at 98% Collection Produces	\$ 1,005,499
Maximum Annual Principal and Interest Requirements, 2027	\$ 1,185,217
\$ 0.1415 Tax Rate at 98% Collection Produces	\$ 1,185,651

(1) Includes the Certificates. Preliminary, subject to change.

DEBT INFORMATION

TABLE 6 – PRO-FORMA AD VALOREM TAX DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Ad Valorem Tax Debt ⁽¹⁾			The Certificates ⁽²⁾			Total G.O. Supported Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2026	\$ 305,000	\$ 36,125	\$ 341,125	\$ -	\$ -	\$ -	\$ 341,125
2027	305,000	31,550	336,550	-	848,667	848,667	1,185,217
2028	310,000	28,500	338,500	-	570,000	570,000	908,500
2029	325,000	13,000	338,000	-	570,000	570,000	908,000
2030	-	-	-	475,000	570,000	1,045,000	1,045,000
2031	-	-	-	500,000	547,438	1,047,438	1,047,438
2032	-	-	-	520,000	523,688	1,043,688	1,043,688
2033	-	-	-	545,000	498,988	1,043,988	1,043,988
2034	-	-	-	570,000	473,100	1,043,100	1,043,100
2035	-	-	-	600,000	446,025	1,046,025	1,046,025
2036	-	-	-	625,000	417,525	1,042,525	1,042,525
2037	-	-	-	655,000	387,838	1,042,838	1,042,838
2038	-	-	-	690,000	356,725	1,046,725	1,046,725
2039	-	-	-	720,000	323,950	1,043,950	1,043,950
2040	-	-	-	755,000	289,750	1,044,750	1,044,750
2041	-	-	-	790,000	253,888	1,043,888	1,043,888
2042	-	-	-	830,000	216,363	1,046,363	1,046,363
2043	-	-	-	870,000	176,938	1,046,938	1,046,938
2044	-	-	-	910,000	135,613	1,045,613	1,045,613
2045	-	-	-	950,000	92,388	1,042,388	1,042,388
2046	-	-	-	995,000	47,263	1,042,263	1,042,263
	<u>\$ 1,245,000</u>	<u>\$ 109,175</u>	<u>\$ 1,354,175</u>	<u>\$ 12,000,000</u>	<u>\$ 7,746,142</u>	<u>\$ 19,746,142</u>	<u>\$ 21,100,317</u>

(1) Excludes the Certificates. Preliminary, subject to change.

(2) Interest calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.

TABLE 7 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt (“Tax Debt”) was developed from information contained in “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional obligations since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional obligations, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

<u>Taxing Jurisdiction</u>	<u>Total Tax Supported Debt</u>	<u>Estimated % Applicable</u>	<u>City's Overlapping Tax Supported Debt as of 11/30/2025</u>
Llano ISD	\$ 48,935,000	10.05%	\$ 4,917,968
Llano County	7,105,000	9.27%	658,634
City of Sunrise Beach Village	13,245,000 ⁽¹⁾	100.00%	13,245,000
Total Direct and Overlapping Tax Supported Debt			\$ 18,821,601
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			2.20%
Per Capita Overlapping Tax Supported Debt			\$ 23,439

(1) Includes the Certificates. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF AD VALOREM TAX DEBT . . . The City does not anticipate issuing additional tax supported debt within the next twelve months.

OTHER DEBT OBLIGATIONS . . . As of November 30, 2025, the City has copier, postage and communications equipment totaling \$7,458.00 outstanding. See “APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT.”

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System (“TMRS”), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see “APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT”).

OTHER POST-EMPLOYMENT BENEFITS . . . In addition to the pension benefits described above, the City provides certain other post-retirement benefits to retired employees and their dependents that fall within the scope of Governmental Accounting Standards Board’s Statement of General Accounting Standards No. 45 (“GASB 45”), Accounting by Employer for Other Post-Employment Benefits (“OPEB”). The fiduciary net position of the City’s defined benefit life and health insurance plans (the “OPEB Plans”) have been determined using the flow of economic resources measurement focus and the full accrual basis of accounting. This includes for purposes of measuring the total OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from the OPEB plans net position. Benefit payments are recognized when due and payable in accordance with benefit terms. There are no investments as these are pay-as-you-go plans.

For more detailed information concerning the City’s implementation of GASB 45, see “APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT.”

FINANCIAL ADMINISTRATION . . . The financial administration of the City is vested in the Comptroller and Payments Department. The Comptroller and Payments Department operates under the Comptroller, who is appointed by the City Manager. Required activities of the Department of Finance are control, custody and disbursement of City funds, assessment and collection of taxes and issuance of licenses. Other activities of the Comptroller and Payments Department include utility billing and collections, internal service fund operation, annual budget preparation and interim and annual financial reports.

FINANCIAL POLICIES

Basis of Accounting . . . All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

The more significant revenues which are treated as susceptible to accrual under the modified accrual basis are property taxes, intergovernmental revenues, charges for services, and interest. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual.

All proprietary funds and the pension trust fund are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

General Fund Balance . . . The City's policy is to maintain surplus and unencumbered funds equal to 25% of expenditures in the General Fund.

Use of Bond proceeds, Grants, etc. . . . The City's policy is to use bond proceeds, grants or other non-recurring revenues for capital expenditures only. Such revenues are never to be used to fund City operations.

Fund Investments . . . The City's investment policy parallels State law which governs investment of public funds. The City generally restricts investments to direct obligations of the United States Government and to insured or collateralized bank certificates of deposits. The City's investment portfolio does not invest in derivative securities. See "INVESTMENTS."

FINANCIAL INFORMATION

TABLE 8 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
	2024	2023	2022	2021	2020
<u>Revenues:</u>					
Taxes	\$ 1,058,893	\$ 1,128,461	\$ 1,056,072	\$ 1,013,192	\$ 997,442
Licenses and Permits	43,630	32,071	18,575	19,025	15,960
Charges for Services/Intergovernmental	479	1,339	1,132	1,132	8,247
Fines	10,345	19,435	13,677	7,322	6,642
Investment Earnings/Rents and Royalties	59,491	38,029	4,004	3,925	3,768
Contributions and Donations	-	16,350	-	-	-
Miscellaneous	122,318	14,424	3,376	4,635	4,281
Total Revenues	\$ 1,295,156	\$ 1,250,109	\$ 1,096,836	\$ 1,049,231	\$ 1,036,340
<u>Expenditures:</u>					
General Government	\$ 650,049	\$ 669,071	\$ 612,194	\$ 574,572	\$ 566,133
Utilities, Gas and Oil	20,766	49,685	48,246	32,958	32,917
Insurance	141,062	97,142	84,291	81,996	77,382
Supplies	70,185	39,801	37,258	44,372	36,460
Repairs and Maintenance	85,810	161,528	117,467	72,456	91,985
Contracted Services/Operating Costs	38,727	61,257	31,318	27,462	14,530
Debt Service	1,830	1,830	1,829	-	-
Capital Outlay	266,260	119,491	144,217	181,998	146,275
Total Expenses	\$ 1,274,689	\$ 1,199,805	\$ 1,076,820	\$ 1,015,814	\$ 965,682
Excess (Deficiency) of Revenues over Expenditures	\$ 20,467	\$ 50,304	\$ 20,016	\$ 33,417	\$ 70,658
<u>Other Financing Sources:</u>					
Other Resources/Sale of Property	\$ 9,301	\$ 19,824	\$ 13,968	\$ 19,798	\$ 7,067
Transfers Out	(26,901)	-	-	-	-
Total Other Financing Sources	\$ (17,600)	\$ 19,824	\$ 13,968	\$ 19,798	\$ 7,067
Net Increase (Decrease)	\$ 2,867	\$ 70,128	\$ 33,984	\$ 53,215	\$ 77,725
Beginning Fund Balance	1,010,206	940,078	906,094	852,879	775,154
Adjustments to Fund Balance	-	-	-	-	-
Ending Fund Balance	<u>\$ 1,013,073</u>	<u>\$ 1,010,206</u>	<u>\$ 940,078</u>	<u>\$ 906,094</u>	<u>\$ 852,879</u>

Source: City's audited financial statements.

TABLE 9 – MUNICIPAL SALES TAX HISTORY

The following table sets forth the City’s historical collections of sales and use taxes.

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2021	\$ 55,770	5.91%	\$ 0.0123	\$ 76
2022	54,812	6.12%	0.0174	71
2023	57,426	5.90%	0.0090	73
2024	55,527	6.11%	0.0080	70
2025 ⁽¹⁾	100,027	10.55%	0.0128	125

Source: Texas State Comptroller’s Office.

(1) Partial collections as of November 30, 2025.

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts of the State of Texas, which remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

In addition, the Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the estimated amount of the sales tax revenues to be generated in the current year.

Subject to the approval of a majority of the voters in a local option election, State law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues.

State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6¼%).

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INVESTMENTS

The City invests its investible funds in investments authorized by State law in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under State law, the City is authorized to invest in:

- (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
- (2) direct obligations of the State or its agencies and instrumentalities;
- (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by the explicit full faith and credit of the United States;
- (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;
- (6) bonds issued, assumed or guaranteed by the State of Israel;
- (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or their respective successors;
- (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in the State that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3;
- (9) (i) certificates of deposit or share certificates meeting the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) (the "PFIA") that are issued by or through an institution that either has its main office or a branch in the State, and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits or, (ii) certificates of deposit where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (ii)(a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit issued for the account of the City;
- (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above and clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State;
- (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency;
- (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank;
- (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with Securities and Exchange Commission Rule 2a-7;
- (14) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either have a duration of one year or more and are invested exclusively in obligations described in this paragraph, or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and
- (15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code), as amended, whose assets consist exclusively of the obligations that are described above. A public

funds investment pool described in this paragraph (14) must be continuously ranked no lower than “AAA,” “AAA-m” or at an equivalent rating by at least one nationally recognized rating service.

In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or with a third party selected and approved by the City.

A political subdivision such as the City may enter into securities lending programs if:

- (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool;
- (ii) securities held as collateral under a loan are pledged to the City, held in the City’s name and deposited at the time the investment is made with the City or a third party designated by the City;
- (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and
- (iv) the agreement to lend securities has a term of one year or less.

The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in:

- (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest;
- (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and
- (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the TPFIA. All City funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, the City’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived.” At least quarterly the City’s investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest City funds without express written authority from the City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and record in such rule, order, ordinance or resolution any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City, (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City’s investment policy (except to the

extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement attesting to these requirements, (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy, (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (7) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (9) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 10 – CURRENT INVESTMENTS

As of November 30, 2025 the City's investable funds were invested in the following categories:

Investments	Market Value	% of Total
Texas CLASS	\$ 1,037,996	85.63%
Money Market/Funds	174,155	14.37%
	<u>\$ 1,212,151</u>	<u>100.00%</u>

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and continuing compliance by the City with the covenants contained in the Ordinance and the Arbitrage and Tax Certificate, interest on the Certificates is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Certificates may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

In rendering its opinion, Bond Counsel has relied on the City's covenants contained in the Ordinance and the City's covenants contained in the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and operation of the project and the use and investment of proceeds of the Certificates and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Certificates being subject to federal income tax from the date of issue of the Certificates. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Certificates that may affect the tax-exempt status of the interest.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Certificates.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Registered Owners may not have a right to participate in such audit. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the audit regardless of the ultimate outcome of the audit.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . Prospective purchasers of the Certificates should be aware that the ownership of the Certificates may result in collateral federal income tax consequences to certain taxpayers including, without limitation, holders who may be deemed to have incurred or continued indebtedness to acquire or carry tax-exempt obligations, holders of certain interests in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest

on the Certificates will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Certificates will be included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Certificates. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Certificates should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Certificates, received or accrued during the year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the “dividend equivalent amount” for the taxable year. Interest on the Certificates received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the “dividend equivalent amount” of such corporation.

In addition, passive investment income, including interest on the Certificates, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than designated “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN CERTIFICATES . . . The initial public offering price of certain Certificates (the “Discount Certificates”) are less than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Discount Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Certificate. A portion of such original issue discount allocable to the holding period of such Discount Certificate by the initial purchaser will, upon the disposition of such Discount Certificate (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Certificates described above under “TAX EXEMPTION.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Certificate, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Certificate and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year. However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation’s alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with “subchapter C” earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Certificate by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bound in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Certificate was held) is includable in gross income. Owners of Discount Certificates should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Certificates. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Certificates (the “Premium Certificates”) are greater than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Premium Certificate (assuming that a substantial amount of the Premium Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Certificates. The basis for federal income tax purposes of a Premium Certificate in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Certificates should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Certificates.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

CHANGES IN FEDERAL AND STATE TAX LAW . . . From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Certificates.

Prospective purchasers of the Certificates should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Certificates and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreements for the benefit of the respective registered and beneficial owners of the Certificates. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Certificates. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB currently makes this information publicly available on its Electronic Municipal Market Access System ("EMMA") at <http://emma.msrb.org/>.

ANNUAL REPORTS . . . The City will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the Tables numbered 1 through 6 and 8 through 10 and in APPENDIX B. The City will provide this information within 6 months after the end of each fiscal year ending in or after 2026. If audited financial statements are not available when the other information is provided, the City will provide audited financial statements when and if they become available and will provide unaudited financial statements within 12 months after fiscal year end, unless audited financial statements are sooner provided. Financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC").

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule.

The City's current fiscal year end is September 30. Accordingly, it must provide audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) on September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES . . . The City will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The City will provide notice of any of the following events with respect to the Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of Beneficial Owners of the Certificates, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the City or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the City or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. Neither the Certificates nor the Ordinance make any provision for debt service reserves, credit enhancement or a trustee.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The City intends the words used in clauses (15) and (16) above and the definition of financial obligation in this Section to have the meanings as when they are used in the Rule, as evidenced by Securities and Exchange Commission Release No. 34-83885, dated August 20, 2018.

The City will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The City will also provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under “Annual Reports.”

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing information only to the MSRB. All documents provided by the City to the MSRB described above under “Annual Reports” and “Notice of Certain Events” will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

Should the Rule be amended to obligate the City to make filing with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized Bond Counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City has complied in all material respects with its previous continuing disclosure agreements entered into pursuant to the Rule for the last five years.

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OTHER INFORMATION

RATING . . . The City has applied for a rating on the Certificates from S&P Global Ratings (“S&P”). The presently outstanding uninsured general obligation debt of the City is rated “AA+” by S&P without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization, and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates.

LITIGATION . . . It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE . . . The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION – RATING” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

LEGAL OPINIONS . . . Issuance of the Certificates is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Certificates are valid and binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property within the City and a limited pledge of the surplus revenues of the City’s waterworks system not to exceed \$1,000. Issuance of the Certificates is also subject to the legal opinion of Bickerstaff Heath Delgado Acosta LLP (“Bond Counsel”), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Certificates, to the effect that the Certificates are valid and binding obligations of the City payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel’s legal opinion will also address the matters described herein under “TAX MATTERS.” Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Certificates. In connection with the issuance of the Certificates, Bond Counsel has been engaged by, and only represents, the City. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are based upon a percentage of Certificates actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

NO-LITIGATION CERTIFICATE . . . The City will furnish to the Purchaser a certificate, dated as of the date of delivery of the Certificates, executed by both the Mayor and City Secretary, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Certificates; restraining or enjoining the issuance, execution or delivery of the Certificates; affecting the provisions made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Certificates; or affecting the validity of the Certificates.

NO MATERIAL ADVERSE CHANGE . . . The obligations of the Purchaser to take and pay for the Certificates, and of the City to deliver the Certificates, are subject to the condition that, up to the time of delivery of and receipt of payment for the Certificates,

there shall have been no material adverse change in the condition (financial or otherwise) of the City from that set forth or contemplated in the Official Statement.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

INITIAL PURCHASER . . . After requesting competitive bids for the Certificates, the City accepted the bid of _____ (the "Purchaser") to purchase the Certificates at the interest rates shown on the inside cover page of the Official Statement at a price of approximately _____ % of par. The Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

MISCELLANEOUS . . . The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Reference is made to original documents in all respects. The Ordinance authorizing the issuance of the Certificates will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

CERTIFICATION AS TO OFFICIAL STATEMENT . . . The City, acting by and through its City Council in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the City and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the City, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the City has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the City has no obligation to disclose any changes in the affairs of the City and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the City delivers the Certificates to the Purchaser at closing, unless extended by the Purchaser. All information with respect to the resale of the Certificates subsequent to the "end of the underwriting period" is the responsibility of the Purchaser.

UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . . If, subsequent to the date of the Official Statement to and including the date the Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the City learns or is

notified by the Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the City will promptly prepare and supply to the Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Purchaser, unless the Purchaser elects to terminate its obligation to purchase the Certificates as described in the notice of sale accompanying this Official Statement. The obligation of the City to update or change the Official Statement will terminate when the City delivers the Certificates to the Purchaser (the “end of the underwriting period” within the meaning of the Rule), unless the Purchaser provides written notice the City that less than all of the Certificates have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Certificates have been sold to ultimate customers. In the event the Purchaser provides written notice to the City that less than all of the Certificates have been sold to ultimate customers, the Purchaser agrees to notify the City in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

This Official Statement will be approved by the City Council of the City for distribution in accordance with the provisions of the Securities and Exchange Commission’s rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

Mayor
City of Sunrise Beach Village, Texas

ATTEST:

City Secretary
City of Sunrise Beach Village, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

Sunrise Beach was one of the first lakefront developments on Lake Lyndon B. Johnson, located between Marble Falls and Llano in Llano County on Ranch Road 2233. It was established in 1958 by developer David Miller of San Antonio as a resort and retirement center and given the name Sunrise Beach. In 1966 the community had recreational facilities, motels, restaurants, and businesses concerned with building trades. It was incorporated in 1973 as a Class C City named Sunrise Beach Village, and converted to a Class A City in 2008.

The City has the Mayor/Council form of government consisting of the Mayor and five Councilmembers who serve two-year terms. The Mayor serves as the City Administrator.

Located in Llano County, Sunrise Beach Village is about 60 miles Northwest of Austin and is situated in the scenic recreational area of the Highland Lakes.

Isolated at the end of FM 2233, Sunrise Beach Village enjoys the advantage of an excellent highway access road without the traffic associated with most major and minor routes in the area. The location, coupled with only one access road, provides a measure of security and privacy that is lacking in many retirement and recreational communities.

The climatic conditions in the area are of great economic advantage both for local outdoor activity and for enjoyment of the beautiful Texas Hill Country by both residents and visitors. Area activities include boating, fishing, hunting, camping, golf and just plain relaxing in one of the most beautiful parts of the State.

LABOR MARKET PROFILE

	Llano County	
	August 2025	August 2024
Total Civilian Labor Force	9,552	9,428
Total Employment	9,107	8,997
Total Unemployment	445	431
Percent Unemployed	4.7%	4.6%

	State of Texas	
	August 2025	August 2024
Total Civilian Labor Force	15,885,187	15,675,864
Total Employment	15,144,613	14,978,832
Total Unemployment	740,574	697,032
Percent Unemployed	4.7%	4.4%

Source: Texas Workforce Commission.

APPENDIX B

EXCERPTS FROM THE CITY OF SUNRISE BEACH VILLAGE, TEXAS ANNUAL FINANCIAL REPORT For the Year Ended September 30, 2024

The information contained in this APPENDIX consists of excerpts from the City of Sunrise Beach Village, Texas Annual Financial Report for the Year Ended September 30, 2024, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Sunrise Beach Village, Texas
124 Sunrise Drive
Sunrise Beach Village, Texas 78643

October 21, 2025

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated January 5, 2026, of \$11,225,000 CITY OF SUNRISE BEACH VILLAGE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026 (the "Certificates"), both of which constitute a part hereof.

For your legally issued Certificates, in the aggregate principal amount of \$11,225,000, we will pay you a price of \$12,123,998.76, representing approximately 108.009% of the par value. Such Certificates mature August 15, in each of the years and in the amounts and interest rates shown below:

Maturity (August 15)	Principal Amount	Interest Rate	Maturity (August 1)	Principal Amount	Interest Rate
2030	\$ 440,000	5.000%	2039	\$ 685,000	5.000%
2031	465,000	5.000%	2040	720,000	4.000%
2032	485,000	5.000%	2041	750,000	4.000%
2033	510,000	5.000%	2042	775,000	4.000%
2034	535,000	5.000%	2043	810,000	4.000%
2035	565,000	5.000%	2044	840,000	4.000%
2036	590,000	5.000%	2045	875,000	4.000%
2037	620,000	5.000%	2046	910,000	4.000%
2038	650,000	5.000%			

Of the principal maturities set forth in the table above, term certificates have been created as indicated in the following table (which may include multiple term certificates, one term certificate or no term certificate if none is indicated). For those years which have been combined into a term certificates the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term certificate maturity date shall mature in such year. The term certificates created are as follows:

Term Certificates Maturing August 15	Year of First Mandatory Redemption	Principal Amount	Interest Rate
		\$	%
		\$	%
		\$	%
		\$	%
		\$	%
		\$	%

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TRUE INTEREST COST

3.5971862%

The Initial Certificate shall be registered in the name of _____, which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the book-entry-only system.

A wire transfer or a cashiers or certified check to the City in the amount of \$240,0000 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Certificates in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the City as complete liquidated damages against us. Please check the box below to designate your Good Faith Deposit option.

We agree to accept delivery of the Certificates utilizing the book-entry-only system through DTC and make payment for the Initial Certificate in immediately available funds in the Corporate Trust Division, BOKF, NA, Dallas, Texas, not later than 10:00 AM, CST, on February 19, 2026, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

Upon notification of conditional verbal acceptance, the undersigned will either (1) complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Form 1295") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Form 1295 that is generated by the TEC's electronic portal will be printed, signed, notarized and sent by email to the City's Bond Counsel at gmiller@bickerstaff.com and the City's Financial Advisor at garry@spfmuni.com or (2) provide written confirmation of its exemption from such requirement to complete a Form 1295. The undersigned understands that, unless exempt, the failure to provide the certified Form 1295 will prohibit the City from awarding the enclosed bid.

As used in the following verifications, "affiliate means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the bid or Notice of Sale, notwithstanding anything in the bid or Notice of Sale to the contrary.

- (i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
- (ii) Not a Sanctioned Company (Texas Government Code Chapter 2252). The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) No Boycott of Energy Companies (Texas Government Code Chapter 2276). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.
- (iv) No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

By submitting this bid, the Purchaser understands and agrees that if the Purchaser should fail or refuse to take up and pay for the Certificates in accordance with this bid, or it is determined that after the acceptance of this bid by the City that the Purchaser was found not to satisfy the requirements described in the Official Notice of Sale under the heading "CONDITIONS OF THE SALE" and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then the check submitted herewith as the Purchaser's Good Faith Deposit shall be cashed and accepted by the City. IF THE CITY CASHES THE PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications"), shall survive until barred by the statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto/

(Please print or typewrite name and address, including zip code, of Transferee)

_____ the within Certificate and all rights
(Please insert Social Security or Taxpayer Identification Number)
thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register
the transfer of the within Certificate on the books kept for registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be
guaranteed by an eligible guarantor
institution as defined by SEC Rule
15 (17 CFR 240-17Ad-15).

NOTICE: The signature above must
correspond with the name of the Registered
Owner as it appears upon the front of this 17Ad-
Certificate in every particular, without
alteration or enlargement or any change
whatsoever.

By submitting this bid, the Purchaser understands and agrees that it must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the "All Bond Counsel Letter"). In submitting this bid, the Purchaser represents to the City that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. The Purchaser hereby further agrees that it will not rescind its Standing Letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the delivery date of the Certificates or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

The Purchaser acknowledges that the City, in its sole discretion, has reserved the right to reject the bid of any bidder who is, or whose parent company, subsidiaries or affiliates are, on a list maintained by the Texas Comptroller or the Texas Attorney General of financial companies boycotting energy companies or discriminating against firearm entities.

The Purchaser understands and agrees that to the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE – GOOD FAITH DEPOSIT" in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THIS OFFICIAL BID FORM OF THE PURCHASER TO PURCHASE THE CERTIFICATES UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

The undersigned agrees to complete, execute, and deliver to the City, at least five business days prior to delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City and Bond Counsel.

The undersigned certifies that the Purchaser is [is not] exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the City's Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Hiltop Securities Inc.
Name of Purchaser or Manager

Megan Sienty
Authorized Representative

214.953.4040
Phone Number

Megan Sienty
Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by City of Sunrise Beach Village, Texas, this the 15th day of January, 2026.

ATTEST:

Janie Crumpler
City Secretary
City of Sunrise Beach Village, Texas

Bob T. N.
Mayor
City of Sunrise Beach Village, Texas

THE STATE OF TEXAS §
COUNTY OF LLANO §
CITY OF SUNRISE BEACH VILLAGE §

1. The descriptions and statements of or pertaining to the City of Sunrise Beach Village, Texas (the “City”) and relating to the “CITY OF SUNRISE BEACH VILLAGE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026”, in the aggregate principal amount of \$____,000 (the “Certificates”), dated February 19, 2026, contained in its final Official Statement dated January 15, 2026, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of the Certificates and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects.
2. Insofar as the City and its affairs, including its financial affairs, are concerned, such final Official Statement did not and does not contain an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.
3. Insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in such final Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect.
4. There has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.
5. No litigation or other proceeding is pending or, to our knowledge, threatened against the City, in any court, agency or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the City.

WITNESS OUR HANDS AND THE SEAL OF THE CITY OF SUNRISE BEACH
VILLAGE, TEXAS, ON THIS 19 FEB 2026.

CITY OF SUNRISE BEACH VILLAGE,
TEXAS



Mayor



City Secretary



OFFICIAL STATEMENT

Dated January 15, 2026

Ratings:
S&P: AA+
(See “OTHER INFORMATION -
Rating” herein)

NEW ISSUE – Book-Entry-Only

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and continuing compliance by the City with the covenants contained in the Ordinance and the Arbitrage and Tax Certificate, interest on the Certificates is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Certificates may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel expresses no opinion on any other federal tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates.



\$11,225,000
CITY OF SUNRISE BEACH VILLAGE, TEXAS
(A political subdivision of the State of Texas located in Llano County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: February 19, 2026

Due: August 15, as shown on the inside cover page

Interest to accrue from the Date of Initial Delivery (defined herein)

PAYMENT TERMS . . . Interest on the \$11,225,000 City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”) will accrue from the Date of Initial Delivery, will be payable on February 15 and August 15 of each year commencing February 15, 2027 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar, defined below, to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see “THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM”). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see “THE CERTIFICATES – PAYING AGENT/REGISTRAR”).

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended (the “Certificate of Obligation Act”), and Chapter 1502, Texas Government Code, as amended. The Certificates constitute direct obligations of the City of Sunrise Beach Village, Texas (the “City”), payable from a continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and a limited pledge of the surplus revenues of the City’s waterworks system (not to exceed \$1,000) as provided in the ordinance authorizing the issuance of the Certificates (the “Ordinance”) (see “THE CERTIFICATES – AUTHORITY FOR ISSUANCE” and “THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT”).

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the Certificates.

CUSIP PREFIX: 86768B
MATURITY SCHEDULE
See the Inside Cover Page

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates maturing on and after August 15, 2036, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES – OPTIONAL REDEMPTION”).

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the initial purchaser (the “Purchaser”) and subject to the approving opinion of the Attorney General of Texas and the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, Austin, Texas (see “APPENDIX C – FORM OF BOND COUNSEL’S OPINION”).

DELIVERY . . . Delivery of the Certificates is expected through the facilities of DTC on February 19, 2026 (the “Date of Initial Delivery”).

MATURITY SCHEDULE

Maturity (August 15)	Amount	Rate	Initial Yield	CUSIP Numbers ⁽¹⁾
2030	\$ 440,000	5.000%	2.300%	86768BBJ4
2031	465,000	5.000%	2.340%	86768BBK1
2032	485,000	5.000%	2.430%	86768BBL9
2033	510,000	5.000%	2.500%	86768BBM7
2034	535,000	5.000%	2.580%	86768BBN5
2035	565,000	5.000%	2.710%	86768BBP0
2036	590,000	5.000%	2.830% ⁽²⁾	86768BBQ8
2037	620,000	5.000%	2.960% ⁽²⁾	86768BBR6
2038	650,000	5.000%	3.070% ⁽²⁾	86768BBS4
2039	685,000	5.000%	3.200% ⁽²⁾	86768BBT2
2040	720,000	4.000%	3.400% ⁽²⁾	86768BBU9
2041	750,000	4.000%	3.500% ⁽²⁾	86768BBV7
2042	775,000	4.000%	3.600% ⁽²⁾	86768BBW5
2043	810,000	4.000%	3.750% ⁽²⁾	86768BBX3
2044	840,000	4.000%	3.850% ⁽²⁾	86768BBY1
2045	875,000	4.000%	4.000%	86768BBZ8
2046	910,000	4.000%	4.050%	86768BCA2

(Interest accrues from the Date of Initial Delivery)

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- (2) Yield calculated based on the assumption that the Certificates will be redeemed on August 15, 2035, the first optional call date for such Certificates at a redemption price of par plus accrued interest to the redemption date.

[The remainder of this page intentionally left blank.]

No dealer, broker, salesman or other person has been authorized by the City or the Purchaser to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Financial Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy Certificates in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

The information set forth or included in this Official Statement has been provided by the City or obtained from other sources believed by the City to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE CERTIFICATES MAY BE CHANGED FROM TIME TO TIME BY THE PURCHASER AFTER THE CERTIFICATES ARE RELEASED FOR SALE, AND THE CERTIFICATES MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE CERTIFICATES INTO INVESTMENT ACCOUNTS.

NEITHER OF THE CITY NOR ITS FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. SEE "FORWARD-LOOKING STATEMENTS" HEREIN.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE CERTIFICATES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

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The cover page hereof, this page, the appendices and schedule included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY	The City of Sunrise Beach Village, Texas (the “City”), is a political subdivision located in Llano County, operating as a Type A general law city under the laws of the State of Texas (the “State”) and was incorporated in 1973. The City is approximately 2.3 square miles in area (see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY”).
THE CERTIFICATES	The Certificates are issued as \$11,225,000 Combination Tax and Revenue Certificates of Obligation, Series 2026. The Certificates are issued as serial Certificates maturing on August 15 in the years 2030 through 2046.
PAYMENT OF INTEREST	Interest on the Certificates accrues from the Date of Initial Delivery and is payable on February 15, 2027, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE CERTIFICATES – DESCRIPTION OF THE CERTIFICATES” and “THE CERTIFICATES – OPTIONAL REDEMPTION”).
AUTHORITY FOR ISSUANCE	The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended (the “Certificate of Obligation Act of 1971”), and Chapter 1502, Texas Government Code, as amended, and an ordinance adopted on the date of sale of the Certificates by the City Council of the City authorizing the Certificates (the “Ordinance”) (see “THE CERTIFICATES – AUTHORITY FOR ISSUANCE”).
SECURITY	The Certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and a limited pledge of surplus revenues of the City’s waterworks system not to exceed \$1,000 as provided in the Ordinance (see “THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT”).
REDEMPTION	The City reserves the right, at its option, to redeem Certificates maturing on and after August 15, 2036, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES – OPTIONAL REDEMPTION”).
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption “TAX MATTERS.”
USE OF PROCEEDS	Proceeds from the sale of the Certificates will be used for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the Certificates.
RATING	The Certificates and the outstanding general obligation debt of the City has been rated “AA+” by S&P Global Ratings (“S&P”) without regard to credit enhancement (see “OTHER INFORMATION – RATING”).
BOOK-ENTRY-ONLY SYSTEM	The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see “THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM”).

PAYMENT RECORD The City has never defaulted in the payment of its debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Funded Debt Outstanding at End of Year	Funded Debt Per Capita	Ratio of Funded Debt To Taxable Assessed Valuation	% of Total Tax Collections
2022	767	\$ 510,353,743	\$ 665,389	\$ 2,075,000	\$ 2,705	0.41%	100.00%
2023	785	640,034,707	815,331	1,820,000	2,318	0.28%	99.00%
2024	789	691,494,556	876,419	1,540,000	1,952	0.22%	98.00%
2025	803	782,975,908	975,063	1,245,000	1,550	0.16%	98.00%
2026	803	855,016,323	1,064,777	12,165,000 ⁽²⁾	15,149 ⁽²⁾	1.42% ⁽²⁾	N/A

(1) Source: The Municipal Advisory Council.

(2) Projected, includes the Certificates.

[The remainder of this page intentionally left blank.]

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Term Expires</u>
Rob Hardy Mayor	May 2026
Rick Bruns Mayor Pro-Tem	May 2027
Mike Byrd Councilmember	May 2027
Jeff Cook Councilmember	May 2026
Steve Primm Councilmember	May 2027
Dan Gower Councilmember	May 2026

APPOINTED OFFICIALS

<u>Name</u>	<u>Position</u>
Sandy Penshorn	Comptroller
Janie Crumpler	City Secretary

CONSULTANTS AND ADVISORS

Auditors Neffendorf & Blocker, P.C.
Fredericksburg, Texas

Bond Counsel Bickerstaff Heath Delgado Acosta LLP
Austin, Texas

Financial Advisor.....Specialized Public Finance Inc.
Austin, Texas

For additional information regarding the City, please contact:

Sandy Penshorn	Garry Kimball
Comptroller	Managing Director
City of Sunrise Beach Village	Specialized Public Finance Inc.
124 Sunrise Drive	248 Addie Roy Road, Suite B-103
Sunrise Beach Village, Texas 78643	Austin, Texas 78731
(325) 388-6438	(512) 275-7300
(325) 388-6973 Fax	(512) 275-7305 Fax

**OFFICIAL STATEMENT
RELATING TO
\$11,225,000
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026**

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$11,225,000 City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the Certificates (the “Ordinance”) adopted on the date of sale of the Certificates by the City Council of the City of Sunrise Beach Village, Texas (the “City”) except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City’s Financial Advisor, Specialized Public Finance Inc., Austin, Texas, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Final Official Statement pertaining to the Certificates will be submitted to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the City’s undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State. The City became a Type A general law city in 2008. The City operates under the Council/Manager form of government where the Mayor and five Councilmembers are elected for staggered two-year terms. The Mayor serves as the City Administrator. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, sanitation services, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The estimated 2026 population is 803. The City covers approximately 2.3 square miles, see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY.”

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated February 19, 2026 and mature on August 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Certificates will accrue from the Date of Initial Delivery and will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable on February 15 and August 15, commencing February 15, 2027 until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry-only system described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See “BOOK-ENTRY-ONLY SYSTEM.”

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1502 Texas Government Code, as amended, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on the Certificates as provided in the Ordinance and a limited pledge of surplus revenue of the City’s waterworks system not to exceed \$1,000.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities to \$1.50 per \$100 taxable assessed valuation for all purposes. Administratively, the Texas Attorney General’s office will permit allocation of \$1.00 of the \$1.50 maximum tax rate for ad valorem tax debt.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Certificates maturing on and after August 15, 2036, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to

be redeemed, the City may select the maturities to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in book-entry-only form) shall determine by lot the Certificates or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first-class, postage prepaid, to the registered owners of the Certificate to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Certificates will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificate called for redemption or any other action premised or any such notice.

Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificate held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificate from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "Book-Entry-Only System" herein.

With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of an premium, if any, and interest on the Certificates to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Certificates, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

DTC REDEMPTION PROVISIONS . . . The Paying Agent/Registrar and the City so long as a book-entry-only system is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates to DTC. Any failure by DTC to advise any DTC Participant, or of any Direct Participant or Indirect Participant to notify the beneficial owner, shall not affect the validity of the redemption of the certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificates held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Certificates and such redemption will not be conducted by the City or the Paying/Agent Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC Participants, Indirect Participants or persons for whom DTC Participants, or beneficial owners of the selection of portions of the Certificates for redemption.

DEFEASANCE . . . General. The Ordinance provides for the defeasance of the Certificates and the termination of the pledge of taxes and all other general covenants in the Ordinance under certain circumstances. Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding ("Defeased Certificate") within the meaning of the Ordinance, except to the extent provided below for the Paying Agent/Registrar to continue payments and for the City to retain the right to call Defeased Certificates to be paid at maturity, when the payment of all principal and interest payable with respect to such Defeased Certificates to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until

after all Defeased Certificates shall have become due and payable or (c) any combination of (a) and (b). At such time as a Certificate shall be deemed to be a Defeased Certificate, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged as provided in the Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Certificate when proper notice of redemption of such Certificates shall have been given, in accordance with the Ordinance. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company may at the discretion of the City also be invested in Defeasance Securities, as hereinafter defined, maturing in the amounts and at the times as set forth in the Ordinance, and all income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be remitted to the City.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Ordinance for the payment of principal of the Certificates and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Certificates and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar or a commercial bank or trust company shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by the Ordinance.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company for the payment of Certificates and such Certificates shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Ordinance shall be made without the consent of the registered owner of each Certificate affected thereby.

Retention of Rights. To the extent that, upon the defeasance of any Defeased Certificates to be paid at its maturity, the City retains the right under State law to later call any Defeased Certificates which is subject to redemption (i.e. the Certificates) in accordance with the provisions of the Ordinance, the City may call such Defeased Certificates for redemption upon complying with the provisions of State law and upon the satisfaction of the provisions set forth above regarding such Defeased Certificates as though it was being defeased at the time of the exercise of the option to redeem the Defeased Certificates and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Certificates.

Investments. Any escrow agreement or other instrument entered into between the City and the Paying Agent/Registrar or a commercial bank or trust company pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or a commercial bank or trust company for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company which is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, will be remitted to the City.

For the purposes of these provisions, "Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Certificates are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Certificates, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Certificates. For the purposes of these provisions, "Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Certificates are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each stated maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Certificates held for the accounts of customers in bearer form or registered in "street name," and will

be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriters take any responsibility for the accuracy thereof.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Purchaser.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer.

Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "– Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

RECORD DATE FOR INTEREST PAYMENT. . . The record date ("Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the last business day of the preceding month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder of an Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

CERTIFICATE HOLDERS' REMEDIES . . . The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance,

and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the Certificate holders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by the city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, Certificate holders may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property.

While the court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the proprietary-governmental dichotomy applies in contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018 clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code, determination of which will dictate the availability of the defense of immunity for causes of action arising under such contract.

As noted above, the Ordinance provides that Certificate holders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Certificate holders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors.

AMENDMENTS TO THE ORDINANCE . . . In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any owners for the purpose of amending or supplementing such Ordinance to (1) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the owners, (2) grant additional rights or security for the benefit of the owners, (3) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the owners, (4) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (5) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interest of the owners.

The Ordinance further provides that the owners of the Certificates aggregating in principal amount 51% of the outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed

necessary or desirable by the City; provided, however, that without the consent of 100% of the owners in original principal amount of the then outstanding Certificates no amendment may be made of the purpose of: (1) making any change in the maturity of any of the outstanding Certificates; (2) reducing the rate of interest borne by any of the outstanding Certificates; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates; (4) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates, or imposing any condition with respect to such payment; or (5) changing the minimum percentage of principal amount of the Certificates necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the Certificates.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Certificates will be applied approximately as follows:

Sources:	
Principal	\$ 11,225,000.00
Bid Premium	<u>1,002,352.95</u>
Total Sources	\$ 12,227,352.95
Uses:	
Deposit to Project Fund	\$ 12,000,000.00
Deposit to Debt Service Fund	3,177.26
Purchaser's Discount	103,354.19
Costs of Issuance	<u>120,821.50</u>
Total Uses	\$ 12,227,352.95

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AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Llano County Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "AD VALOREM PROPERTY TAXATION – CITY AND TAXPAYER REMEDIES."

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than \$5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT EXEMPTIONS . . . Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following

tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TAX INCREMENT FINANCING ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value", and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See "AD VALOREM PROPERTY TAXATION – CITY APPLICATION OF PROPERTY TAX CODE" for descriptions of any TIRZ created in the City.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "AD VALOREM PROPERTY TAXATION – CITY APPLICATION OF TAX CODE" for descriptions of any of the City's tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the City, see "AD VALOREM PROPERTY TAXATION – CITY APPLICATION OF TAX CODE" herein.

PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate."

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 15 or as soon as practicable thereafter.

A city must annually calculate its "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its “de minimis rate”, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its “voter-approval tax rate” using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

Section 103.003 of the Texas Local Government Code requires Texas municipalities to file their annual auditing financial statements with the municipal secretary or clerk within 180 days following the end of the municipality’s fiscal year. The Texas Legislature, in its 2025 Legislative Session, added Section 103.005 to the Texas Local Government Code to provide a penalty for non-compliance with the 180-day filing requirement. As of January 1, 2026, a municipality that fails to timely file audited financial statements is a legal risk of having any annual increase in the ad valorem tax rate capped at the no-new-revenue tax rate.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City’s tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, the City and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value of at least \$50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “– PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS”). The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

DEBT TAX RATE LIMITATIONS . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$1.50 per \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.00 of the \$1.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of pricing information contained in either the standard edition of the Annual Energy Outlook published by the United States Energy Information Administration or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. Taxes become due October 1 of the same year, and become delinquent on February 15 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 15 of each year and the final installment due on August 15.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, up to 20% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City does grant an exemption to the market value of the residence homestead of persons 65 years of age or older.

The City has granted an additional exemption of 20% of the market value of residence homesteads.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and the City collects its own taxes.

The City does not permit split payments, and discounts are not allowed.

The City does not tax Freeport Property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has not adopted a tax abatement policy.

The City does not participate in any tax increment financing zones.

The City approved a tax freeze for persons 65 years of age or older and for disabled homesteads.

TABLE 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT

2025/2026 Taxable Assessed Valuation as Certified by Llano County Appraisal District	\$	855,016,323
City Funded Debt Payable from Ad Valorem Taxes (as of 11/30/2025)	\$	1,245,000 ⁽¹⁾
The Bonds		<u>11,225,000</u>
Total Debt Payable from Ad Valorem Taxes	\$	12,470,000
Interest and Sinking Fund (as of 11/30/2025)	\$	384,957
Ratio Tax Supported Debt to Taxable Assessed Valuation		1.46%

2026 Estimated Population - 803
Per Capita Taxable Assessed Valuation - \$1,064,777
Per Capita General Obligation Debt Payable from Ad Valorem Taxes - \$15,529⁽²⁾

(1) Excludes the Certificates.

TABLE 2 – VALUATION AND AD VALOREM TAX DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Fiscal Year	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2022	767	\$ 510,353,743	\$ 665,389	\$ 2,075,000	0.41%	\$ 2,705
2023	785	640,034,707	815,331	1,820,000	0.28%	2,318
2024	789	691,496,556	876,421	1,540,000	0.22%	1,952
2025	803	782,975,908	975,063	1,245,000	0.16%	1,550
2026	803	855,016,323	1,064,777	12,165,000 ⁽²⁾	1.42%	15,149

(1) Source: The Municipal Advisory Council.

(2) Projected; includes the Certificates.

TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution		Tax Levy	% Total Collections
		Local Maintenance	Interest and Sinking Fund		
2022	\$ 0.1851	\$ 0.1851	\$ -	\$ 895,840	100.00%
2023	0.1579	0.1579	-	973,593	99.00%
2024	0.1285	0.1285	-	908,114	98.00%
2025	0.1162	0.1162	-	948,180	98.00%
2026	0.1174	0.1174	-	999,356	N/A ⁽¹⁾

(1) In the process of collection.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2025/2026	% of Total
	Taxable Assessed Valuation	Taxable Assessed Valuation
The Schultz Family Partnership LP	\$ 5,085,260	0.59%
WWBW Real Estate I Ltd.	4,792,490	0.56%
Sunrise Beach Investments LLC	4,559,527	0.53%
Buhrdorf, Ross A. 2021 Family Trust	4,068,610	0.48%
Heyl, Patrick & Barbara	4,018,020	0.47%
Douglas, Terry R. & Joni R.	3,748,930	0.44%
Donaldson Jr., David H. & Susan K.	3,466,866	0.41%
Lakehouse Real Estate Group LP	3,455,590	0.40%
The Lodge at Lake LBJ LLC	3,388,750	0.40%
Tapp, David & Cleo	3,343,311	0.39%
	<u>\$ 39,927,354</u>	<u>4.67%</u>

TABLE 5 – TAX ADEQUACY⁽¹⁾

2026 Principal and Interest Requirements	\$ 341,125
\$ 0.0408 Tax Rate at 98% Collection Produces	\$ 341,870
Average Annual Principal and Interest Requirements, 2026-2046	\$ 913,874
\$ 0.1091 Tax Rate at 98% Collection Produces	\$ 914,166
Maximum Annual Principal and Interest Requirements, 2027	\$ 1,087,620
\$ 0.1299 Tax Rate at 98% Collection Produces	\$ 1,088,453

(1) Includes the Certificates.

DEBT INFORMATION

TABLE 6 – AD VALOREM TAX DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Ad Valorem Tax Debt ⁽¹⁾			The Certificates ⁽²⁾			Total G.O. Supported Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2026	\$ 305,000	\$ 36,125	\$ 341,125	\$ -	\$ -	\$ -	\$ 341,125
2027	305,000	31,550	336,550	-	751,070	751,070	1,087,620
2028	310,000	28,500	338,500	-	504,450	504,450	842,950
2029	325,000	13,000	338,000	-	504,450	504,450	842,450
2030	-	-	-	440,000	504,450	944,450	944,450
2031	-	-	-	465,000	482,450	947,450	947,450
2032	-	-	-	485,000	459,200	944,200	944,200
2033	-	-	-	510,000	434,950	944,950	944,950
2034	-	-	-	535,000	409,450	944,450	944,450
2035	-	-	-	565,000	382,700	947,700	947,700
2036	-	-	-	590,000	354,450	944,450	944,450
2037	-	-	-	620,000	324,950	944,950	944,950
2038	-	-	-	650,000	293,950	943,950	943,950
2039	-	-	-	685,000	261,450	946,450	946,450
2040	-	-	-	720,000	227,200	947,200	947,200
2041	-	-	-	750,000	198,400	948,400	948,400
2042	-	-	-	775,000	168,400	943,400	943,400
2043	-	-	-	810,000	137,400	947,400	947,400
2044	-	-	-	840,000	105,000	945,000	945,000
2045	-	-	-	875,000	71,400	946,400	946,400
2046	-	-	-	910,000	36,400	946,400	946,400
	<u>\$ 1,245,000</u>	<u>\$ 109,175</u>	<u>\$ 1,354,175</u>	<u>\$ 11,225,000</u>	<u>\$ 6,612,170</u>	<u>\$ 17,837,170</u>	<u>\$ 19,191,345</u>

(1) Excludes the Certificates.

(2) Interest calculated at the rates shown on page 2 hereof.

TABLE 7 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt (“Tax Debt”) was developed from information contained in “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional obligations since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional obligations, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	City's Overlapping Tax Supported Debt as of 11/30/2025
Llano ISD	\$ 48,935,000	10.05%	\$ 4,917,968
Llano County	7,105,000	9.27%	658,634
City of Sunrise Beach Village	12,470,000 ⁽¹⁾	100.00%	12,470,000
Total Direct and Overlapping Tax Supported Debt			\$ 18,046,601
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			2.11%
Per Capita Overlapping Tax Supported Debt			\$ 22,474

(1) Includes the Certificates.

ANTICIPATED ISSUANCE OF AD VALOREM TAX DEBT . . . The City does not anticipate issuing additional tax supported debt within the next twelve months.

OTHER DEBT OBLIGATIONS . . . As of November 30, 2025, the City has copier, postage and communications equipment totaling \$7,458.00 outstanding. See “APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT.”

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System (“TMRS”), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see “APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT”).

OTHER POST-EMPLOYMENT BENEFITS . . . In addition to the pension benefits described above, the City provides certain other post-retirement benefits to retired employees and their dependents that fall within the scope of Governmental Accounting Standards Board’s Statement of General Accounting Standards No. 45 (“GASB 45”), Accounting by Employer for Other Post-Employment Benefits (“OPEB”). The fiduciary net position of the City’s defined benefit life and health insurance plans (the “OPEB Plans”) have been determined using the flow of economic resources measurement focus and the full accrual basis of accounting. This includes for purposes of measuring the total OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from the OPEB plans net position. Benefit payments are recognized when due and payable in accordance with benefit terms. There are no investments as these are pay-as-you-go plans.

For more detailed information concerning the City’s implementation of GASB 45, see “APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT.”

FINANCIAL ADMINISTRATION . . . The financial administration of the City is vested in the Comptroller and Payments Department. The Comptroller and Payments Department operates under the Comptroller, who is appointed by the City Manager. Required activities of the Department of Finance are control, custody and disbursement of City funds, assessment and collection of taxes and issuance of licenses. Other activities of the Comptroller and Payments Department include utility billing and collections, internal service fund operation, annual budget preparation and interim and annual financial reports.

FINANCIAL POLICIES

Basis of Accounting . . . All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

The more significant revenues which are treated as susceptible to accrual under the modified accrual basis are property taxes, intergovernmental revenues, charges for services, and interest. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual.

All proprietary funds and the pension trust fund are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

General Fund Balance . . . The City's policy is to maintain surplus and unencumbered funds equal to 25% of expenditures in the General Fund.

Use of Bond proceeds, Grants, etc. . . . The City's policy is to use bond proceeds, grants or other non-recurring revenues for capital expenditures only. Such revenues are never to be used to fund City operations.

Fund Investments . . . The City's investment policy parallels State law which governs investment of public funds. The City generally restricts investments to direct obligations of the United States Government and to insured or collateralized bank certificates of deposits. The City's investment portfolio does not invest in derivative securities. See "INVESTMENTS."

FINANCIAL INFORMATION

TABLE 8 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
	2024	2023	2022	2021	2020
<u>Revenues:</u>					
Taxes	\$ 1,058,893	\$ 1,128,461	\$ 1,056,072	\$ 1,013,192	\$ 997,442
Licenses and Permits	43,630	32,071	18,575	19,025	15,960
Charges for Services/Intergovernmental	479	1,339	1,132	1,132	8,247
Fines	10,345	19,435	13,677	7,322	6,642
Investment Earnings/Rents and Royalties	59,491	38,029	4,004	3,925	3,768
Contributions and Donations	-	16,350	-	-	-
Miscellaneous	122,318	14,424	3,376	4,635	4,281
Total Revenues	\$ 1,295,156	\$ 1,250,109	\$ 1,096,836	\$ 1,049,231	\$ 1,036,340
<u>Expenditures:</u>					
General Government	\$ 650,049	\$ 669,071	\$ 612,194	\$ 574,572	\$ 566,133
Utilities, Gas and Oil	20,766	49,685	48,246	32,958	32,917
Insurance	141,062	97,142	84,291	81,996	77,382
Supplies	70,185	39,801	37,258	44,372	36,460
Repairs and Maintenance	85,810	161,528	117,467	72,456	91,985
Contracted Services/Operating Costs	38,727	61,257	31,318	27,462	14,530
Debt Service	1,830	1,830	1,829	-	-
Capital Outlay	266,260	119,491	144,217	181,998	146,275
Total Expenses	\$ 1,274,689	\$ 1,199,805	\$ 1,076,820	\$ 1,015,814	\$ 965,682
Excess (Deficiency) of Revenues over Expenditures	\$ 20,467	\$ 50,304	\$ 20,016	\$ 33,417	\$ 70,658
<u>Other Financing Sources:</u>					
Other Resources/Sale of Property	\$ 9,301	\$ 19,824	\$ 13,968	\$ 19,798	\$ 7,067
Transfers Out	(26,901)	-	-	-	-
Total Other Financing Sources	\$ (17,600)	\$ 19,824	\$ 13,968	\$ 19,798	\$ 7,067
Net Increase (Decrease)	\$ 2,867	\$ 70,128	\$ 33,984	\$ 53,215	\$ 77,725
Beginning Fund Balance	1,010,206	940,078	906,094	852,879	775,154
Adjustments to Fund Balance	-	-	-	-	-
Ending Fund Balance	\$ 1,013,073	\$ 1,010,206	\$ 940,078	\$ 906,094	\$ 852,879

Source: City's audited financial statements.

TABLE 9 – MUNICIPAL SALES TAX HISTORY

The following table sets forth the City’s historical collections of sales and use taxes.

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2021	\$ 55,770	5.91%	\$ 0.0123	\$ 76
2022	54,812	6.12%	0.0174	71
2023	57,426	5.90%	0.0090	73
2024	55,527	6.11%	0.0080	70
2025 ⁽¹⁾	100,027	10.55%	0.0128	125

Source: Texas State Comptroller’s Office.

(1) Partial collections as of November 30, 2025.

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts of the State of Texas, which remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

In addition, the Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the estimated amount of the sales tax revenues to be generated in the current year.

Subject to the approval of a majority of the voters in a local option election, State law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues.

State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6¼%).

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INVESTMENTS

The City invests its investible funds in investments authorized by State law in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under State law, the City is authorized to invest in:

- (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
- (2) direct obligations of the State or its agencies and instrumentalities;
- (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by the explicit full faith and credit of the United States;
- (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;
- (6) bonds issued, assumed or guaranteed by the State of Israel;
- (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or their respective successors;
- (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in the State that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3;
- (9) (i) certificates of deposit or share certificates meeting the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) (the "PFIA") that are issued by or through an institution that either has its main office or a branch in the State, and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits or, (ii) certificates of deposit where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (ii)(a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit issued for the account of the City;
- (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above and clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State;
- (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency;
- (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank;
- (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with Securities and Exchange Commission Rule 2a-7;
- (14) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either have a duration of one year or more and are invested exclusively in obligations described in this paragraph, or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and
- (15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code), as amended, whose assets consist exclusively of the obligations that are described above. A public

funds investment pool described in this paragraph (14) must be continuously ranked no lower than “AAA,” “AAA-m” or at an equivalent rating by at least one nationally recognized rating service.

In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or with a third party selected and approved by the City.

A political subdivision such as the City may enter into securities lending programs if:

- (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool;
- (ii) securities held as collateral under a loan are pledged to the City, held in the City’s name and deposited at the time the investment is made with the City or a third party designated by the City;
- (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and
- (iv) the agreement to lend securities has a term of one year or less.

The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in:

- (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest;
- (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and
- (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the TPFIA. All City funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, the City’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived.” At least quarterly the City’s investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest City funds without express written authority from the City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and record in such rule, order, ordinance or resolution any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City, (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City’s investment policy (except to the

extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement attesting to these requirements, (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy, (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (7) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (9) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 10 – CURRENT INVESTMENTS

As of November 30, 2025 the City's investable funds were invested in the following categories:

Investments	Market Value	% of Total
Texas CLASS	\$ 1,037,996	85.63%
Money Market/Funds	174,155	14.37%
	<u>\$ 1,212,151</u>	<u>100.00%</u>

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and continuing compliance by the City with the covenants contained in the Ordinance and the Arbitrage and Tax Certificate, interest on the Certificates is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Certificates may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

In rendering its opinion, Bond Counsel has relied on the City's covenants contained in the Ordinance and the City's covenants contained in the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and operation of the project and the use and investment of proceeds of the Certificates and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Certificates being subject to federal income tax from the date of issue of the Certificates. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Certificates that may affect the tax-exempt status of the interest.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Certificates.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Registered Owners may not have a right to participate in such audit. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the audit regardless of the ultimate outcome of the audit.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . Prospective purchasers of the Certificates should be aware that the ownership of the Certificates may result in collateral federal income tax consequences to certain taxpayers including, without limitation, holders who may be deemed to have incurred or continued indebtedness to acquire or carry tax-exempt obligations, holders of certain interests in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest

on the Certificates will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Certificates will be included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Certificates. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Certificates should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Certificates, received or accrued during the year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the “dividend equivalent amount” for the taxable year. Interest on the Certificates received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the “dividend equivalent amount” of such corporation.

In addition, passive investment income, including interest on the Certificates, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than designated “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN CERTIFICATES. . . . The initial public offering price of certain Certificates (the “Discount Certificates”) are less than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Discount Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Certificate. A portion of such original issue discount allocable to the holding period of such Discount Certificate by the initial purchaser will, upon the disposition of such Discount Certificate (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Certificates described above under “TAX EXEMPTION.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Certificate, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Certificate and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year. However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation’s alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with “subchapter C” earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Certificate by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bound in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Certificate was held) is includable in gross income. Owners of Discount Certificates should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Certificates. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Certificates (the “Premium Certificates”) are greater than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Premium Certificate (assuming that a substantial amount of the Premium Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Certificates. The basis for federal income tax purposes of a Premium Certificate in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Certificates should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Certificates.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

CHANGES IN FEDERAL AND STATE TAX LAW . . . From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Certificates.

Prospective purchasers of the Certificates should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Certificates and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreements for the benefit of the respective registered and beneficial owners of the Certificates. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Certificates. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB currently makes this information publicly available on its Electronic Municipal Market Access System ("EMMA") at <http://emma.msrb.org/>.

ANNUAL REPORTS . . . The City will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the Tables numbered 1 through 6 and 8 through 10 and in APPENDIX B. The City will provide this information within 6 months after the end of each fiscal year ending in or after 2026. If audited financial statements are not available when the other information is provided, the City will provide audited financial statements when and if they become available and will provide unaudited financial statements within 12 months after fiscal year end, unless audited financial statements are sooner provided. Financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC").

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule.

The City's current fiscal year end is September 30. Accordingly, it must provide audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) on September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES . . . The City will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The City will provide notice of any of the following events with respect to the Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of Beneficial Owners of the Certificates, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the City or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the City or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. Neither the Certificates nor the Ordinance make any provision for debt service reserves, credit enhancement or a trustee.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The City intends the words used in clauses (15) and (16) above and the definition of financial obligation in this Section to have the meanings as when they are used in the Rule, as evidenced by Securities and Exchange Commission Release No. 34-83885, dated August 20, 2018.

The City will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The City will also provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under “Annual Reports.”

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing information only to the MSRB. All documents provided by the City to the MSRB described above under “Annual Reports” and “Notice of Certain Events” will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

Should the Rule be amended to obligate the City to make filing with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized Bond Counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City has complied in all material respects with its previous continuing disclosure agreements entered into pursuant to the Rule for the last five years.

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OTHER INFORMATION

RATING . . . The Certificates and the outstanding general obligation debt of the City has been rated “AA+” by S&P Global Ratings (“S&P”) without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization, and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates.

LITIGATION . . . It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE . . . The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION – RATING” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

LEGAL OPINIONS . . . Issuance of the Certificates is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Certificates are valid and binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property within the City and a limited pledge of the surplus revenues of the City’s waterworks system not to exceed \$1,000. Issuance of the Certificates is also subject to the legal opinion of Bickerstaff Heath Delgado Acosta LLP (“Bond Counsel”), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Certificates, to the effect that the Certificates are valid and binding obligations of the City payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel’s legal opinion will also address the matters described herein under “TAX MATTERS.”

Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Certificates. In connection with the issuance of the Certificates, Bond Counsel has been engaged by, and only represents, the City. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are based upon a percentage of Certificates actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinance.

NO-LITIGATION CERTIFICATE . . . The City will furnish to the Purchaser a certificate, dated as of the date of delivery of the Certificates, executed by both the Mayor and City Secretary, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Certificates; restraining or enjoining the issuance,

execution or delivery of the Certificates; affecting the provisions made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Certificates; or affecting the validity of the Certificates.

NO MATERIAL ADVERSE CHANGE . . . The obligations of the Purchaser to take and pay for the Certificates, and of the City to deliver the Certificates, are subject to the condition that, up to the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition (financial or otherwise) of the City from that set forth or contemplated in the Official Statement.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

INITIAL PURCHASER . . . After requesting competitive bids for the Certificates, the City accepted the bid of Hilltop Securities Inc. (the "Purchaser") to purchase the Certificates at the interest rates shown on the inside cover page of the Official Statement at a price of approximately 108.009% of par. The Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

MISCELLANEOUS . . . The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Reference is made to original documents in all respects. The Ordinance authorizing the issuance of the Certificates will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

CERTIFICATION AS TO OFFICIAL STATEMENT . . . The City, acting by and through its City Council in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the City and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the City, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the City has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the City has no obligation to disclose any changes in the affairs of the City and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the City delivers the Certificates to the Purchaser at closing, unless extended by the Purchaser. All information with respect to the resale of the Certificates subsequent to the "end of the underwriting period" is the responsibility of the Purchaser.

UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . . If, subsequent to the date of the Official Statement to and including the date the Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the “Rule”) (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the “end of the underwriting period”), the City learns or is notified by the Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the City will promptly prepare and supply to the Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Purchaser, unless the Purchaser elects to terminate its obligation to purchase the Certificates as described in the notice of sale accompanying this Official Statement. The obligation of the City to update or change the Official Statement will terminate when the City delivers the Certificates to the Purchaser (the “end of the underwriting period” within the meaning of the Rule), unless the Purchaser provides written notice the City that less than all of the Certificates have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Certificates have been sold to ultimate customers. In the event the Purchaser provides written notice to the City that less than all of the Certificates have been sold to ultimate customers, the Purchaser agrees to notify the City in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

This Official Statement will be approved by the City Council of the City for distribution in accordance with the provisions of the Securities and Exchange Commission’s rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

/s/ Rob Hardy
Mayor
City of Sunrise Beach Village, Texas

ATTEST:

/s/ Janie Crumpler
City Secretary
City of Sunrise Beach Village, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

Sunrise Beach was one of the first lakefront developments on Lake Lyndon B. Johnson, located between Marble Falls and Llano in Llano County on Ranch Road 2233. It was established in 1958 by developer David Miller of San Antonio as a resort and retirement center and given the name Sunrise Beach. In 1966 the community had recreational facilities, motels, restaurants, and businesses concerned with building trades. It was incorporated in 1973 as a Class C City named Sunrise Beach Village, and converted to a Class A City in 2008.

The City has the Mayor/Council form of government consisting of the Mayor and five Councilmembers who serve two-year terms. The Mayor serves as the City Administrator.

Located in Llano County, Sunrise Beach Village is about 60 miles Northwest of Austin and is situated in the scenic recreational area of the Highland Lakes.

Isolated at the end of FM 2233, Sunrise Beach Village enjoys the advantage of an excellent highway access road without the traffic associated with most major and minor routes in the area. The location, coupled with only one access road, provides a measure of security and privacy that is lacking in many retirement and recreational communities.

The climatic conditions in the area are of great economic advantage both for local outdoor activity and for enjoyment of the beautiful Texas Hill Country by both residents and visitors. Area activities include boating, fishing, hunting, camping, golf and just plain relaxing in one of the most beautiful parts of the State.

LABOR MARKET PROFILE

	Llano County	
	September 2025	September 2024
Total Civilian Labor Force	9,472	9,254
Total Employment	9,060	8,887
Total Unemployment	412	367
Percent Unemployed	4.3%	4.0%

	State of Texas	
	September 2025	September 2024
Total Civilian Labor Force	15,966,295	15,725,337
Total Employment	15,257,506	15,080,090
Total Unemployment	708,789	645,247
Percent Unemployed	4.4%	4.1%

Source: Texas Workforce Commission.

APPENDIX B

**EXCERPTS FROM THE
CITY OF SUNRISE BEACH VILLAGE, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2024**

The information contained in this APPENDIX consists of excerpts from the City of Sunrise Beach Village, Texas Annual Financial Report for the Year Ended September 30, 2024, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

GENERAL CERTIFICATE

We, the undersigned officials of the City of Sunrise Beach Village, Texas (the “City”), hereby certify as of the date shown below:

1. That this certificate is executed and delivered with respect to that issue of the CITY OF SUNRISE BEACH VILLAGE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026, dated February 19, 2026, in the aggregate principal amount of \$11,225,000 (the “Certificates”).

2. That the City is a duly incorporated Type A general law municipality with a 2020 Census population of 739, and an estimated 2026 population of 803, and is operating and existing under the Constitution and the general laws of the State of Texas.

3. That the total principal amount of tax supported indebtedness of the City payable from taxes levied under and pursuant to Article XI, Section 4 of the Texas Constitution, including the proposed Certificates, is as follows:

CITY FUNDED DEBT PAYABLE FROM AD VALOREM TAXES

General Obligation Debt	\$ 1,245,000
The Certificates	<u>\$ 11,225,000</u>
Total Indebtedness	<u>\$ 12,470,000</u>

4. That a combined debt service requirement schedule for the above-described outstanding indebtedness as well as the proposed \$11,225,000 “CITY OF SUNRISE BEACH VILLAGE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026” is attached hereto as Exhibit “A” and made a part of this certificate for all purposes.

5. That certain duly qualified and acting officials of the City of Sunrise Beach Village, Texas are as follows:

Rob Hardy	Mayor
Rick Bruns	Mayor Pro-Tem, Councilmember
Mike Byrd	Councilmember
Dan Gower	Councilmember
Jeff Cook	Councilmember
Steve Primm	Councilmember
Janie Crumpler	City Secretary
Sandy Penshorn	City Comptroller

6. That the assessed valuation of the property of the City of Sunrise Beach Village, Texas, as approved by the County Appraisal Review Board for the fiscal year 2025/26 and as such

valuation appears on the appraisal records of the Llano County Appraisal District after all allowed exemptions and property subject to the tax freeze, is \$855,016,323.

7. That the City has received the revenues set out in **Exhibit “B”** from the operation of its Waterworks System (the “City System”). The current rates for the City’s System are provided in the attached **Exhibit “C”**.

8. That the City is not in default on the payment of or principal on any of its outstanding obligations.

9. That the Certificate proceeds will not be used for a purpose previously rejected by the voters in a bond election held during the past three years.

10. That neither the corporate existence nor boundaries of the City nor the title of its present officers to their respective offices is being contested and no authority or proceedings for the issuance, execution or delivery of the Certificates have been repealed, revoked, rescinded or amended.

11. That with respect to any contracts contained within this transcript of proceedings in connection with the authorization and issuance of the Certificates:

- a. all disclosure filings and acknowledgements required by Section 2252.908 of the Texas Government Code, and the rules of the Texas Ethics Commission related to said provision, have been or will be made;
- b. pursuant to Section 2271.002, Texas Government Code, the City has not entered and is not entering into a governmental contract with a Company (as defined in Section 808.001(2) of the Texas Government Code, which means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exist to make a profit) that boycotts Israel;
- c. pursuant to Section 2252.151, Texas Government Code, the City has not entered and will not enter into a governmental contract with a Company (as defined in Section 2270.0001(2) of the Texas Government Code, which means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association whose securities are publicly traded, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit) that is identified on the lists prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Sections 2252.153 and 2270.0201, Texas Government

Code, as amended, and posted on any of the following pages of such officer's Internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.xlsx>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.xlsx>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.xlsx>

- d. pursuant to Section 2274.002, Texas Government Code, the City has not entered and is not entering into a governmental contract with a Company (as defined in Section 808.001(2) of the Texas Government Code, which means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exist to make a profit) that discriminates against Firearm Entities or Firearm Trade Associations. The terms "discriminate," "Firearm Entity," and "Firearm Trade Association," here have the meaning as given to them in Chapter 2274 of the Texas Government Code;
 - e. pursuant to Section 2276.002, Texas Government Code, the City has not entered and is not entering into a governmental contract with a Company (as defined in Section 808.001(2) of the Texas Government Code, which means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exist to make a profit) that boycotts any energy company. The term "boycott energy company," here has the meaning given to it in Chapter 2276 of the Texas Government Code; and
 - f. For any contract having a value of \$100,000 or more to which the City will be a party relating to the issuance of the Certificates, the party contracting with the City will have a standing letter on file with Attorney General regarding the preceding certifications 11(b) through (e) and such contracts shall state that the representations and obligations pertaining to such shall survive the termination of the respective contract.
- 12. All the purposes to be financed with the proceeds of the Certificates will be owned and operated by the City.
 - 13. That no petition was received from qualified electors of the City protesting the issuance of the Certificates.
 - 14. The City will not purchase property wholly or partly with Certificate proceeds until it has obtained an independent appraisal of the property's market value.

15. The City Council, when authorizing the issuance and sale of the Certificates, understood the maximum interest rate to mean the True Interest Cost, which is an interest rate calculated across all of the Certificates, and which is the basis upon which the sale of Certificates was awarded to the purchaser of the Certificates.
16. The Net Interest Cost of the Certificates, as calculated in accordance with Section 1204.004 of the Texas Government Code is \$5,713,171.24. The Net Effective Interest Rate, as calculated in accordance with Section 1204.006 is 3.7515626%. The True Interest Cost is 3.5971862%.
17. The True Interest Cost, Net Interest Cost, and Net Effective Interest Rate, are all below the maximum interest rate listed in the notice of 4.75%

SIGNED AND SEALED this 18 FEB 2026


City Secretary
City of Sunrise Beach Village, Texas

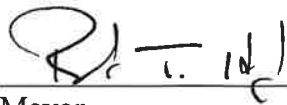

Mayor
City of Sunrise Beach Village, Texas



EXHIBIT “A”

COMBINED DEBT SERVICE REQUIREMENT SCHEDULE

City of Sunrise Beach Village, Texas

Combined Debt Service - Series 2021 GO Ref + Series 2026 CO

Aggregate Debt Service

Date	Principal	Interest	Total P+I
09/30/2026	305,000.00	36,125.00	341,125.00
09/30/2027	305,000.00	782,620.00	1,087,620.00
09/30/2028	310,000.00	532,950.00	842,950.00
09/30/2029	325,000.00	517,450.00	842,450.00
09/30/2030	440,000.00	504,450.00	944,450.00
09/30/2031	465,000.00	482,450.00	947,450.00
09/30/2032	485,000.00	459,200.00	944,200.00
09/30/2033	510,000.00	434,950.00	944,950.00
09/30/2034	535,000.00	409,450.00	944,450.00
09/30/2035	565,000.00	382,700.00	947,700.00
09/30/2036	590,000.00	354,450.00	944,450.00
09/30/2037	620,000.00	324,950.00	944,950.00
09/30/2038	650,000.00	293,950.00	943,950.00
09/30/2039	685,000.00	261,450.00	946,450.00
09/30/2040	720,000.00	227,200.00	947,200.00
09/30/2041	750,000.00	198,400.00	948,400.00
09/30/2042	775,000.00	168,400.00	943,400.00
09/30/2043	810,000.00	137,400.00	947,400.00
09/30/2044	840,000.00	105,000.00	945,000.00
09/30/2045	875,000.00	71,400.00	946,400.00
09/30/2046	910,000.00	36,400.00	946,400.00
Total	\$12,470,000.00	\$6,721,345.00	\$19,191,345.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculations	2/15/2016
Average Life	21.314 Years
Average Coupon	4.3130552%

Par Amounts Of Selected Issues

2021 GO Ref (4/26/21) FINAL	2,295,000.00
2026 \$12mm CO (1-15-26) FINAL	11,225,000.00
TOTAL	13,520,000.00

Aggregate | 1/27/2026 | 5:43 PM

EXHIBIT “B”

REVENUES OF THE WATERWORKS SYSTEM

**Revenues and Expenses for
City of Sunrise Beach Village, Texas
Waterworks System**

	Fiscal Year Ended			
	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Revenues	\$1,815,806.25	\$1,504,149.12	\$1,325,066.66	\$972,924.98
Expenses	1,815,806.25	1,504,149.12	1,233,555.78	845,286.56
Net Revenue Available for Debt Service	\$0.00	\$0.00	\$91,510.88	\$127,638.42

EXHIBIT “C”

WATER RATES



Sunrise Beach Water & Sewer FAQ

The Village of Sunrise Beach has constructed its water and sanitary sewer system over the course of several phases, dating back to 2008. The system now serves approximately 385 customers.

RATES and CHARGES

Water: \$46.89 per month for the first 4,000 gallons; \$10.50 per thousand gallons, or portion thereof, for each one thousand gallons over 4,000 gallons.

Sewer: \$44.00 per month for the first 4,000 gallons; \$11.00 per thousand gallons, or portion thereof, for each one thousand gallons over 4,000 gallons.

A 10 percent late charge shall be applied to any bill that is past due.

New customers pay a \$50 deposit (owner occupied) or \$100 deposit (rental unit).

To pay water / sewer bill online: www.sunrisebeachpay.com

Water rates have not changed since 2016; Sewer rates have not changed since 2018.

Rate examples for different usages:

Water		Sewer	
Usage (gallons)	Charge	Usage (gallons)	Charge
4000	\$46.89	4000	\$44.00
5000	\$57.39	5000	\$55.00
6000	\$67.89	6000	\$66.00
7000	\$78.39	7000	\$77.00
8000	\$88.89	8000	\$88.00
9000	\$99.39	9000	\$99.00
10000	\$109.89	10000	\$110.00

OTHER FEES & CHARGES

Customers desiring to connect to the City system shall pay a connection fee of \$2,000 for water and \$4,000 for sewer, in addition to the costs of labor and materials to make the connection. These fees may be waived, however, in exchange for a grant of an easement to the City (if necessary) for extension of the water and sewer mains. Customers with a 2-inch meter or greater pay a \$30 monthly meter charge; and customers with sewer only service (no water service) pay a flat rate of \$60 per month.

SIGNATURE IDENTIFICATION
AND NO-LITIGATION CERTIFICATE

We, the undersigned, hereby certify the following information:

1. This certificate is executed and delivered with reference to the issuance of "CITY OF SUNRISE BEACH VILLAGE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026 (the "Certificates"), dated February 19, 2026, in the aggregate original principal amount of \$11,225,000 issued by the City of Sunrise Beach Village, Texas (the "City").

2. That the Certificates, including the Initial Certificate delivered to the purchaser of the Certificates (the "Initial Certificate"), have been duly and officially executed by the undersigned Mayor and City Secretary with their manual or facsimile signatures in the same manner appearing hereon, and the undersigned Mayor and City Secretary hereby adopt and ratify their respective signatures in the manner appearing on said Certificates, whether in manual or facsimile form, as the case may be, as their true, genuine and official signatures.

3. That the Certificates, including the Initial Certificate delivered to the purchaser of the Certificates, have been duly and officially registered with the manual or facsimile signature of the undersigned City Secretary in the same manner appearing hereon, and the undersigned City Secretary hereby adopts and ratifies said signatures in the manner appearing on said Certificates, whether in manual or facsimile form, as the case may be, as her true, genuine and official signature.

4. The Certificates, including the Initial Certificate, are substantially in the form and have been duly executed and signed in the manner prescribed in the Ordinance authorizing the issuance of the Certificates.

5. At the time we so executed and signed the Certificates, we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein and authorized to execute the same.

6. No litigation is pending that would adversely affect the financial condition of the City, and no litigation of any nature has been filed or is now pending to restrain or enjoin the issuance or delivery of the Certificates, that would affect the provisions made for the payment or security of the Certificates, or that in any manner questions the proceedings or authority concerning the issuance of the Certificates; and that so far as we know and believe no litigation is pending or threatened.

7. Neither the corporate existence nor the boundaries of the City, nor the title of its present officers to their respective offices is being contested, and no authority or proceedings for the issuance of the Certificates have been repealed, revoked, or rescinded.

8. We have caused the official seal of said City to be impressed, printed, or lithographed on the Certificates; and said seal on the Certificates has been duly adopted as, and is hereby declared to be, the official seal of the City.

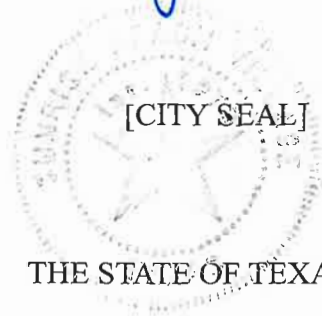
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EXECUTED AND DELIVERED this 18 FEB 2026.

Manual Signatures

Rob T. Hardy

Janie Crumpler



[CITY SEAL]

THE STATE OF TEXAS

§

§

COUNTY OF LLANO

§

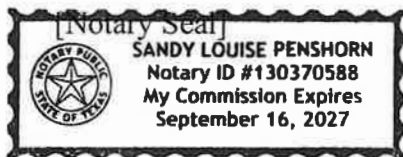
Official Titles

Mayor, City of Sunrise Beach Village, Texas

City Secretary, City of Sunrise Beach
Village, Texas

Before me, the undersigned, a Notary Public, on this day personally appeared Rob Hardy and Janie Crumpler, known to me to be the Mayor and City Secretary, respectively, of the City of Sunrise Beach Village, Texas, and who in my presence each executed this instrument before me in the capacity represented and each of said person's signature is genuine.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of January, 2026.



Sandy Penshorn
Notary Public, State of Texas

PAYING AGENT/REGISTRAR AGREEMENT

This PAYING AGENT/REGISTRAR AGREEMENT, dated as of January 15, 2026 (this “Agreement”), by and between the City of Sunrise Beach Village, Texas (the “Issuer”) and BOKF, NA (the “Bank”), a national banking association duly organized and operating under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Securities”), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about February 19, 2026; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Securities and with respect to the registration, transfer, and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

SECTION 1.01. APPOINTMENT. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the “Ordinance” (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain, for and on behalf of the Issuer, books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Ordinance, a copy of which books and records shall be maintained at the office of the Bank located in the State of Texas or shall be available to be accessed from such office located in the State of Texas.

The Bank hereby accepts its appointment and agrees to serve as the Paying Agent and Registrar for the Securities.

SECTION 1.02. COMPENSATION. As compensation for the Bank’s services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in

Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

SECTION 2.01. DEFINITIONS. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means, if applicable, the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"Bank Office" means the corporate trust or commercial banking office of the Bank as indicated on the signature page hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30th.

"Holder" and **"Security Holder"** each means the Person in whose name a Security is registered in the Security Register.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Ordinance" means the resolutions, Ordinances or ordinances of the governing body of the Issuer pursuant to which the Securities are issued, certified by the City Secretary or any other officer of the Issuer and delivered to the Bank, together with any pricing certificate executed pursuant thereto.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Ordinance).

"Redemption Date" when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinance.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Ordinance the principal of a Security is scheduled to be due and payable.

SECTION 2.02. OTHER DEFINITIONS. The terms "Bank," "Issuer," and "Securities" ("Security") have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT

SECTION 3.01. DUTIES OF PAYING AGENT. (a) Principal Payments. As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer no later than 10:00 a.m. Central Time on the applicable payment date, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

(b) Interest Payments. As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer no later than 10:00 a.m. Central Time on the applicable payment date, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States mail, first class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

(c) Federal Tax Information Reporting. To the extent required by the Internal Revenue Code of 1986, as amended, and the Regulations, it shall be the duty of the Bank to report to the owners of the Securities and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax

withheld, if any, with respect to the payments on the Securities, and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Securities required to be included in the gross income of the owners thereof for federal income tax purposes.

SECTION 3.02. PAYMENT DATES. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Ordinance.

ARTICLE FOUR REGISTRAR

SECTION 4.01. SECURITY REGISTER - TRANSFERS AND EXCHANGES. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the “Security Register”) for recording the names and addresses of the Holders of the Securities, the transfer, exchange, and replacement of the Securities, and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. If the Bank Office is located outside the State of Texas, a copy of the Security Register shall be kept in the State of Texas. All transfers, exchanges, and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer, or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

SECTION 4.02. SECURITIES. The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

SECTION 4.03. FORM OF SECURITY REGISTER. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer, and exchange of the Securities in accordance with the Bank’s general practices and procedures in effect from time to time. The Bank

shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

SECTION 4.04. LIST OF SECURITY HOLDERS. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

Unless required by law, the Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

SECTION 4.05. RETURN OF CANCELLED SECURITIES. The Bank will, at such reasonable intervals as it determines, surrender Securities to the Issuer in lieu of which or in exchange for which other Securities have been issued, or which have been paid, or will provide a certificate of destruction relating thereto.

SECTION 4.06. MUTILATED, DESTROYED, LOST, OR STOLEN SECURITIES. The Issuer hereby instructs the Bank, subject to the applicable provisions of the Ordinance, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an over issuance.

In case any Security shall be mutilated, destroyed, lost, or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed, lost, or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss, or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution, and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost, or stolen.

SECTION 4.07. TRANSACTION INFORMATION TO ISSUER. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

SECTION 5.01. DUTIES OF BANK. The Bank undertakes to perform the duties set forth herein and in the Ordinance and agrees to use reasonable care in the performance thereof.

Additionally, the Bank is authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner described in the closing memorandum prepared by the Issuer's financial advisor or other agent of the Issuer. The Bank may act on a facsimile or e-mail transmission of the closing memorandum by the Financial Advisor or the Issuer, as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

SECTION 5.02. RELIANCE ON DOCUMENTS, ETC. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely on and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

SECTION 5.03. RECITALS OF ISSUER. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

SECTION 5.04. MAY HOLD SECURITIES. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

SECTION 5.05. MONEY HELD BY BANK. The Bank shall deposit any moneys received from the Issuer into an account to be held in an agency capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance, available to the Issuer, provided by the Federal Deposit Insurance Corporation to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas and to the extent practicable under the laws of the United States of America to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Funds held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained in the name and for the benefit of the Issuer.

The Bank shall be under no liability for interest on any money received by it hereunder.

Any money deposited with the Bank for the payment on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code (Unclaimed Property).

The Bank will comply with the reporting provisions of Chapter 74 of the Texas Property Code with respect to property that is presumed abandoned under Chapter 72 or Chapter 75 of the Texas Property Code or inactive under Chapter 73 of the Texas Property Code.

SECTION 5.06. INDEMNIFICATION. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

SECTION 5.07. INTERPLEADER. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the City in the State of Texas where either the Bank maintains an office or the administrative offices of the Issuer is located, and agree

that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction located in the State of Texas to determine the rights of any Person claiming any interest herein.

SECTION 5.08. DEPOSITORY TRUST COMPANY SERVICES. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for “Depository Trust Company” services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the “Operational Arrangements,” effective from time to time, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

SECTION 5.09. NO BOYCOTT OF ISRAEL. The Bank represents and verifies, under Section 2271.002, Texas Government Code, that the Bank and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Banker, if any, do not boycott Israel and will not boycott Israel through the full term of this Agreement. The foregoing verification is made solely to enable the Issuer to comply with such Section. As used in the foregoing verification, “boycott Israel,” a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, 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.

Section 5.10. NO TERRORIST ORGANIZATION. The Bank is a Company as defined in Section 2270.0001(2) of the Texas Government Code, which means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association whose securities are publicly traded, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit. The Bank, including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate thereof, hereby verifies that it is not identified on the lists prepared and maintained by the Comptroller of Public Accounts under Section 2252.153 or 2270.0201, Texas Government Code, as amended and posted on any of the following pages of such officer’s Internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.xlsx>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.xlsx>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.xlsx>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands

“affiliate” to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

SECTION 5.11. COMPLIANCE WITH LAWS PROHIBITING CONTRACTS WITH COMPANIES THAT BOYCOTT ENERGY COMPANIES. The Bank represents and verifies, under Section 2276.002, Texas Government Code, that the Bank, and the parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, of the Bank do not boycott energy companies and, such entities will not boycott energy companies through the full term of this Agreement. The foregoing verification is made solely to enable the Issuer to comply with such Section. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2276.001(1), Texas Government Code, by reference to Section 809.001, Texas Government Code, shall mean, without an ordinary business purpose, 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 with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

SECTION 5.12. COMPLIANCE WITH LAWS PROHIBITING CONTRACTS WITH COMPANIES THAT DISCRIMINATE AGAINST A FIREARM ENTITY OR TRADE ASSOCIATION. The Bank represents and verifies, under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, (“SB 19”)), as amended, that Bank, nor the parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, of the Bank have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and such entities will not through the full term of this Agreement discriminate against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the Issuer to comply with such Section.

As used in the foregoing verification and the following definitions, (a) “discriminate against a firearm entity or firearm trade association,” a term defined in Section 2274.001(3), Texas Government Code (as enacted by SB 19), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association, (b) “firearm entity,” a term defined in Section 2274.001(6), Texas Government Code (as enacted by SB 19), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government

Code, as enacted by SB19, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by SB 19, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by SB 19, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and (c) “firearm trade association,” a term defined in Section 2274.001(7), Texas Government Code (as enacted by SB 19), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

SECTION 5.12. SURVIVAL OF REPRESENTATIONS. As used in the foregoing verifications, the Bank understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Bank. Notwithstanding anything contained herein, a claim arising for the breach of the representations and covenants contained in the four preceding sections shall survive termination of the Agreement until the statute of limitations has run and shall not be liquidated or otherwise limited by any provision of this Agreement notwithstanding anything to the contrary.

ARTICLE SIX MISCELLANEOUS PROVISIONS

SECTION 6.01. AMENDMENT. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

SECTION 6.02. ASSIGNMENT. This Agreement may not be assigned by either party without the prior written consent of the other.

SECTION 6.03. NOTICES. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

SECTION 6.04. EFFECT OF HEADINGS. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 6.05. SUCCESSORS AND ASSIGNS. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

SECTION 6.06. SEVERABILITY. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 6.07. BENEFITS OF AGREEMENT. Nothing herein, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

SECTION 6.08. ENTIRE AGREEMENT. This Agreement and the Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Ordinance, the Ordinance shall govern.

SECTION 6.09. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

SECTION 6.10. TERMINATION. This Agreement will terminate on the date of final payment of the principal of and interest on the Securities to the Holders thereof or may be earlier terminated by either party upon 60 days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay, or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

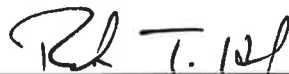
The provisions of Section 1.02 and Section 3.01(c) and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

SECTION 6.11. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF SUNRISE BEACH VILLAGE, TEXAS

By: 
Title: Mayor

Address: 124 Sunrise Drive
Sunrise Beach Village, Texas 78643-9283

Attest:


Title: City Secretary

BOKF, NA

By: _____

Title: _____

Address: 5956 Sherry Lane, Suite 1201
Dallas, Texas 75225

Schedule A

SCHEDULE OF FEES FOR PAYING AGENT/REGISTRAR

CITY OF SUNRISE BEACH VILLAGE, TEXAS

January 15, 2026

The Attorney General of Texas
Attn: Public Finance Division
300 West 15th Street, 7th Floor
Austin, Texas 78701

Comptroller of Public Accounts of Texas
Cash and Securities Management Division
208 E. 10th Street, 2nd Floor, Room 232
Austin, Texas 78701

RE: City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates
of Obligation, Series 2026

TO THE ATTORNEY GENERAL

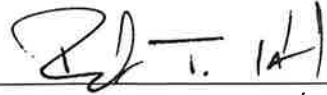
Please find enclosed one executed but undated Signature Identification and No-Litigation Certificate for the above-referenced Certificates. We will send the Certificates to you for approval and respectfully request that you please insert the date of approval in such certificate. If any litigation should develop before you have approved such Certificates, we will notify you at once by email or by telephone. With this assurance, you can rely upon the absence of litigation at the time that you approve the Certificates unless we advise you to the contrary.

After you have approved the Certificates, please deliver them to the Comptroller of Public Accounts of Texas for registration.

TO THE COMPTROLLER

When you have registered the Initial Certificate, please deliver it as directed by the City's bond attorney, Gregory Miller of Bickerstaff Heath Delgado Acosta LLP, 1601 S. Mo-Pac, Suite C400, Austin, TX ,78746, (512) 404-7762.

Very truly yours,

By: 

Mayor
City of Sunrise Beach Village, Texas



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

February 18, 2026

THIS IS TO CERTIFY that the City of Sunrise Beach Village, Texas (the "Issuer") has submitted the City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificate of Obligation, Series 2026 (the "Certificate"), in the principal amount of \$11,225,000, for approval. The Certificate is dated February 19, 2026, numbered I-1, and was authorized by Ordinance No. 416 of the Issuer passed on January 15, 2026 (the "Ordinance").

The Office of the Attorney General has examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

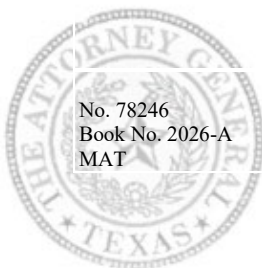
As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

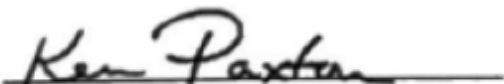
We express no opinion relating to the official statement or any other offering material relating to the Certificate.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows (capitalized terms, except as herein defined, have the meanings given to them in the Ordinance):

- (1) The Certificate has been issued in accordance with law and is a valid and binding obligation of the Issuer.
- (2) The Certificate is payable from the proceeds of an ad valorem tax levied, within the limits prescribed by law, against all taxable property within the Issuer, and is additionally secured by and payable from a limited pledge, not to exceed \$1,000, of Surplus Revenues from the Issuer's Waterworks System, all as provided in the Ordinance.

Therefore, the Certificate is approved.




Attorney General of the State of Texas

OFFICE OF THE ATTORNEY GENERAL §
 §
OF THE STATE OF TEXAS §

I, KEN PAXTON, the Attorney General for the State of Texas, do hereby authorize the employees of the Public Finance Division of the Office of the Attorney General to affix a digital image of my signature, in my capacity as Attorney General, to the opinions issued by this office approving the issuance of public securities by the various public agencies, non-profit corporations, district, entities, bodies politic or corporate, or political subdivisions of this State as required by law, the opinions approving those contracts designated by the Legislature as requiring the approval of the Attorney General, and the obligations, proceedings and credit agreements required by law to be approved by the Attorney General. The authorized digital image of my signature is attached as Exhibit A and is hereby adopted as my own for the purposes set forth herein. This supersedes any prior signature authorizations for the same purpose.

The authority granted herein is to be exercised on those occasions when I am unavailable to personally sign said opinions, and upon the condition that the opinions to which the digital image signature is affixed have been approved by an authorized Assistant Attorney General following the completion of the Public Finance Division's review of the transcripts of proceedings to which the opinions relate.

Given under my hand and seal of office at Austin, Texas, this the 19th day of September, 2023.



KEN PAXTON
Attorney General of the State of Texas



OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

I, Theresia Goetz, ☐ Bond Clerk ☒ Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Acting Comptroller on the 18th day of February 2026, I signed the name of the Acting Comptroller to the certificate of registration endorsed upon the:

City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificate of Obligation, Series 2026,

numbered I-1, dated February 19, 2026, and that in signing the certificate of registration I used the following manual or facsimile signature of the Acting Comptroller:



IN WITNESS WHEREOF I have executed this certificate this the 18th day of February 2026.



I, Kelly Hancock, Acting Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name by placing a manual or facsimile signature on all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and to place the seal of this office, which may be a facsimile seal, where required, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 104295.

GIVEN under my hand and seal of office at Austin, Texas, this the 18th day of February 2026.



KELLY HANCOCK
Acting Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

I, KELLY HANCOCK, Acting Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificate of Obligation, Series 2026

numbered I-1, of the denomination of \$11,225,000, dated February 19, 2026, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 18th day of February 2026, under Registration Number 104295.

Given under my hand and seal of office, at Austin, Texas, the 18th day of February 2026.



A handwritten signature in black ink, appearing to read "Kelly Hancock", written in a cursive style.

KELLY HANCOCK
Acting Comptroller of Public Accounts
of the State of Texas

The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be completed by Issuer and Co-Issuer(s), if applicable)

City of Sunrise Beach Village, Texas

(Name of Issuer and Co-Issuer(s), if applicable)

March 18, 2021

(Date)

The Depository Trust Company

570 Washington Blvd, 4th FL

Jersey City, NJ 07310

Attention: Underwriting Department

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: **(Note: Issuer shall represent one and cross out the other.)**

~~incorporated in~~ [formed under the laws of] the State of Texas

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

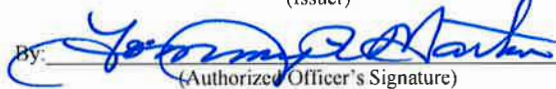
Very truly yours,

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

City of Sunrise Beach Village, Texas

(Issuer)

By:  (Authorized Officer's Signature)

The Honorable Tommy Martin, Mayor

(Print Name)

124 Sunrise Drive

(Street Address)

Sunrise Beach Village, Texas USA 78643-9283

(City)

(State)

(Country)

(Zip Code)

325-388-6438

(Phone Number)

srbv@cityofsunrisebeach.org

(E-mail Address)

DTCC

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

SCHEDULE A

(To Blanket Issuer Letter of Representations)

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

ARBITRAGE AND TAX CERTIFICATE

I, the undersigned officer of the City of Sunrise Beach Village, Texas, herein referred to as the “**Issuer**,” or “**City**” for purposes of establishing reasonable expectations pursuant to Regulation Section 1.148-2(b), HEREBY CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF as follows:

1. GENERAL

(a) **The Obligations.** I, with others, am charged with the responsibility of issuing \$11,225,000 City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026, dated February 19, 2026, and which are comprised of \$11,225,000 of serial certificates, each maturing on August 15 of each year beginning August 15, 2030, through and August 15, 2046 (collectively, the “**Obligations**”). The Obligations are direct and general obligations of the City, payable from and secured by an annual ad valorem tax levied, within the limits prescribed by law, against all taxable property located within the City, and a limited pledge, not to exceed \$1,000.00, of the surplus revenues of the City’s Waterworks System.

(b) **Authorization for the Obligations.** The Obligations have been authorized and are issued pursuant to applicable provisions of the Texas Constitution and general laws of the State of Texas, including, particularly, Subchapter C, Chapter 271, Texas Local Government Code, and Chapter 1502, Texas Government Code, as amended, and an Ordinance of the Issuer entitled “AN ORDINANCE AUTHORIZING THE ISSUANCE OF “CITY OF SUNRISE BEACH VILLAGE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026; AUTHORIZING THE SALE THEREOF; AND ENACTING PROVISIONS INCIDENT AND RELATED TO THE ISSUANCE OF SAID CERTIFICATES,” duly adopted January 15, 2026 (the “**Ordinance**”).

(c) **Amount Received.** (i) The Obligations were sold on January 15, 2026 (the “**Sale Date**”) by competitive sale to Hilltop Securities Inc. (the “**Underwriter**”) at a purchase price of \$12,123,998.76 (representing the par amount of \$11,225,000.00, plus net original issue premium in the amount of \$1,002,352.95, less an original issue discount of \$103,354.19. The Underwriter reoffered the Obligations to the public at the following prices:

\

INITIAL OFFERING PRICES OF THE OBLIGATIONS

As of the date of execution of the Accepted Bid, the 10% test was satisfied for every maturity.

MATURITY SCHEDULE

Maturity (August 15)	Amount	Rate	Initial Yield	CUSIP Numbers
2030	\$ 440,000	5.000%	2.300%	86768BBJ4
2031	465,000	5.000%	2.340%	86768BBK1
2032	485,000	5.000%	2.430%	86768BBL9
2033	510,000	5.000%	2.500%	86768BBM7
2034	535,000	5.000%	2.580%	86768BBN5
2035	565,000	5.000%	2.710%	86768BBP0
2036	590,000	5.000%	2.830% (*)	86768BBQ8
2037	620,000	5.000%	2.960% ()	86768BBR6
2038	650,000	5.000%	3.070% ()	86768BBS4
2039	685,000	5.000%	3.200% ()	86768BBT*
2040	720,000	4.000%	3.400% ()	86768BBU9
2041	750,000	4.000%	3.500% ()	86768BBV7
2042	775,000	4.000%	3.600% ()	86768BBW5
2043	810,000	4.000%	3.750% ()	86768BBX3
2044	840,000	4.000%	3.850% ()	86768BBY1
*2045	875,000	4.000%	4.000%	86768BBZ8
*2046	910,000	4.000%	4.050%	86768BCA2

(Interest accrues from the Date of Initial Delivery)

*Yield calculated based on the assumption that the Certificates will be redeemed on August 15, 2035, the first optional call date for such Certificates at a redemption price of par plus accrued interest to the redemption date

The Issuer intends that the provisions of Regulation Sec. 1.148-1(f)(3)(iii) (defining “competitive sale” for purposes of establishing the issue price of the Obligations) will apply to the initial sale of the Obligations (the “**Competitive Sale Requirements**”) because:

- (1) the Issuer disseminated a Notice of Sale and Bidding Instructions dated January 2, 2026, to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders had an equal opportunity to bid;
- (3) the Issuer received bids from at least three underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipated awarding the sale of the Obligations to the bidder who submitted a firm offer to purchase the Obligations at the highest price (or lowest interest cost), as set forth in said Notice of Sale and Bidding Instructions.

As a result of meeting the Competitive Sale Requirements, the issue price of the Obligations shall be based on the Underwriter’s reasonably expected public offering prices as reflected above, which is \$12,227,352.95.

(ii) The Underwriter has certified in **Exhibit A** that (i) the Obligations have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), (ii) as of the Sale Date, the initial offering price and yield of the Obligations to the public are the price and yield listed in the chart above and in **Exhibit A** (the “**Offering Price**”), and (iii) the Offering Price is the price for the Obligations used by the Underwriter in formulating its bid to purchase the Obligations.

(d) **Proceeds of the Obligations.** The Sale Proceeds (as herein defined) of the Obligations will consist of:

- i. sale proceeds; and
- ii. investment proceeds.

(e) **Regulations.** References to “**Regulations**” mean the Treasury Regulations promulgated under Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the “**Code**”).

(f) **Defined Terms.** The following terms have the meanings ascribed to them in the Regulations (and the Code, where indicated) unless the context hereof clearly requires otherwise:

- (i) available amount, §1.148-1(b);
- (ii) bona fide debt service fund, §1.148-1(b);
- (iii) bond year, §1.148-1(b);
- (iv) capital expenditure, §1.150-1(b);
- (v) commingled fund, §1.148-1(b);
- (vi) computation date, §1.148-3(e);
- (vii) fair market value, §1.148-1(b);
- (viii) gross proceeds, §1.148-1(b);
- (ix) guaranteed investment contract, §1.148-1(b);
- (x) investment, §1.148-1(b);
- (xi) investment proceeds, §1.148-1(b);
- (xii) investment property, Code §148(b)(2);
- (xiii) investment-type property, §1.148-1(b);
- (xiv) issue, §1.150-1(c);
- (xv) issue price, §1.148-1(b);
- (xvi) multipurpose issue, §1.148-1(b);
- (xvii) net sale proceeds, §1.148-1(b);
- (xviii) nonpurpose investment, §1.148-1(b);
- (xix) proceeds, §1.148-1(b);
- (xx) rebatable arbitrage, §1.148-3;
- (xxi) receipts, §1.148-1;
- (xxii) related party, §1.150-1(b);
- (xxiii) replacement proceeds, §1.148-1(c);
- (xxiv) required rebate, §1.148-3;
- (xxv) sale proceeds, §1.148-1(b);
- (xxvi) sinking fund, §1.148-1(c)(2);
- (xxvii) transferred proceeds, §1.148-1(b);
- (xxviii) value, §1.148-1(b);
- (xxix) working capital, §1.150-1(b); and
- (xxx) yield, §1.148-1(b).

2. **PURPOSE OF ISSUE**

(a) **Purposes of the Obligations.** The Obligations are being issued to provide funds which will be used, together with other available funds of the Issuer, for the purpose of paying contractual obligations to be incurred for the following purposes: (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; (the “**Projects**”); and (8) professional services relating to the design, construction, project management, and financing of the aforementioned public works. .

(b) **General Yield Restriction Covenant.** Unless expressly permitted herein, no portion of the proceeds of the Obligations will be used to finance “investment property” or “investment-type property” with a yield in excess of the yield on the Obligations.

(c) **No Overissuance; Universal Cap.** The proceeds from the Obligations do not exceed the amount which is required for the purposes described in Section 2(a), above. The Issuer reasonably expects that the universal cap, as defined in Regulations Section 1.148-6(b)(2), will not reduce the amount of gross proceeds allocable to the Obligations during the term of the Obligations.

(d) **Reimbursement.** None of the proceeds of the Obligations will be used to reimburse the Issuer for any expenditures unless such expenditures (i) were described in a reimbursement resolution meeting the requirements of Regulations Section 1.150-2, or (ii) were preliminary expenditures not exceeding 20% of the issue price of the Obligations (as defined in Regulations Section 1.150-2(f), such as architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction).

(e) **No Hedge Bonds.**

(i) The Issuer will not invest more than 50% of the proceeds of the Obligations in nonpurpose investments having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A) of the Code, and at least 85% of the spendable proceeds of the Obligations used to finance the Projects will be used to carry out the governmental purposes of such issue within the three year period beginning on the date hereof.

(ii) The Obligations do not constitute “hedge bonds” within the meaning of Section 149(g) of the Code.

(f) **No Replacement Proceeds.**

(i) Other than the proceeds of the Obligations, the Issuer has on hand no funds which (x) could legally and practically be used for the governmental purposes for which the Obligations are being issued which are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes, or (y) would be used for the governmental purposes of the Obligations if the proceeds of the Obligations were not used or to be used for such purposes.

(ii) The Issuer does not reasonably expect that the term of the Obligations will be longer than reasonably necessary for the governmental purpose of the Obligations, or that there will be available amounts during the period that the Obligations remain outstanding. The weighted average maturity of the Obligations (within the meaning of Section 147(b) of the Code) is 13.290 years. The reasonably expected economic life of the Projects is at least forty (40) years. The weighted average maturity of the Obligations does not exceed 120% of the reasonably expected economic life of the Projects.

(iii) No portion of the proceeds of the Obligations will be used (x) directly or indirectly to replace funds of the Issuer or other agency, department, or division of the Issuer, that could be used for the Projects, or (y) to replace any proceeds of any prior issuance of an Obligations by the Issuer or other agency, department, or division of the Issuer.

(g) No Private Business Use of Financed Projects.

(i) Not more than ten percent (10%) of the Proceeds of the Obligations will be used, directly or indirectly, in whole or in part, in any activity carried on by any person other than a state or local governmental unit. A use of the Proceeds includes (x) ownership of the Projects financed or refinanced with the proceeds of the Obligations, (y) actual or beneficial use of the Projects pursuant to a lease or a management, incentive payment or output contract, or (z) any other similar arrangement, agreement or understanding, whether written or oral. The payment of the principal of or the interest on more than ten percent (10%) of the Obligations will not be, directly or indirectly: (x) secured by any interest in (A) property used or to be used in any activity carried on by any person other than a state or local governmental unit, or (B) payments in respect of such property; or (y) derived from payments (whether or not by or to the Issuer), in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit. For purposes of this subparagraph (i), persons (other than a state or local governmental unit) using such Sale Proceeds on the same basis as the general public shall not be taken into account.

(ii) None of the proceeds of the Obligations will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(iii) No proceeds of the Obligations are being used to make grants to any person.

(iv) No proceeds of the Obligations will be used for a private business use that is unrelated to, or disproportionate to, the governmental use of the proceeds, as such terms are defined in Code Section 141(b)(3).

3. SOURCE AND DISTRIBUTION OF FUNDS.

(a) Proceeds of the Obligations. The proceeds derived from the sale of the Obligations in the amount of \$12,227,352.95 (inclusive of the underwriter's discount of \$37,624.91) constitute the "Sale Proceeds" of the Obligations for purposes of this Certificate.

(b) Application of Proceeds. The Sale Proceeds of the Obligations and accrued interest and investment earnings thereon, will be applied as follows:

Deposit to the Project Fund	\$12,000,000.00
Cost of Issuance	120,821.50

Underwriter's Discount	103,354.19
Rounding Amount	3,177.26
TOTAL	<u>\$12,227,325.95</u>

(c) **Temporary Period for Proceeds Applied to Capital Projects.** The Sale Proceeds of the Obligations in the amount of \$12,000,000.00 will be deposited in the Project Fund and will be applied to pay the costs of the Projects. The Issuer will use such funds only for capital expenditures in connection with the Projects. Such proceeds will not be used to repay, at maturity or otherwise, any indebtedness of the Issuer. The proceeds will be used to pay all or a portion of the costs of the Projects within three (3) years from the date hereof. As to such amounts, the Issuer certifies that:

(i) It reasonably expects that at least eighty-five percent (85%) of such net sale proceeds of the Obligations will be expended within three years after the date hereof; and

(ii) It reasonably expects to incur within six (6) months from the date of issue hereof a substantial binding obligation (not subject to contingencies within the Issuer's or related party's control) to a third party to expend at least five percent (5%) of such net sale proceeds of the Obligations on the Projects, which expenditures will be capital in nature; and

(iii) It reasonably expects the completion of the Projects, and the allocation of such net sale proceeds of the Obligations to expenditures, to proceed with due diligence.

The proceeds of the Obligations deposited into the Project Fund may be invested without regard to yield restriction for a three-year temporary period in accordance with Regulations Section 1.148-2(e)(2). Any proceeds held beyond the end of such three-year period shall not be invested at a yield in excess of the yield on the Obligations.

(d) **Expenditure of Investment Proceeds.** Investment proceeds may be invested without regard to yield restriction for a period of up to one (1) year following receipt, and thereafter may not be invested at a yield in excess of the yield on the Obligations. Investment proceeds are defined as any amounts actually or constructively received from investing proceeds of an issue.

(e) **Temporary Period for Accrued Interest.** Interest on the Obligations begins to accrue from the Dated Date, February 19, 2026. The date of initial delivery is February 19, 2026. Consequently, there is accrued interest on the Obligations which will be deposited in the Debt Service Fund and used for the purposes described in paragraph (f), below.

(f) **Temporary Period for Bona Fide Debt Service Fund.** Any fund used or established to make debt service payments on the Obligations will be used primarily to achieve a proper matching of revenues with principal and interest payments within each bond year, and will be depleted at least once each bond year, except for a reasonable carry over amount not to exceed (i) the earnings on the fund in the immediately preceding bond year, or (ii) one-twelfth of the debt service payments on the Obligations for the immediately preceding bond year. Monies deposited

into such funds may be invested without regard to yield for a period not to exceed thirteen months in accordance with Regulation Section 1.148-2(e)(5). Sale Proceeds in the amount of \$3,177.26 on the Obligations will be deposited in the Debt Service Fund and used to pay debt service on the Obligations on August 15, 2026, and may be invested as set forth in this paragraph.

(g) **Temporary Period for Costs of Issuance.** Sale Proceeds of the Obligations in the amount of \$224,175.69 (inclusive of Underwriter's discount in the amount of \$103,354.19) will be used to pay a portion of the costs incurred by the Issuer in connection with the authorization, issuance and delivery of the Obligations. Such amounts are expected to be expended by the Issuer to pay such costs on the date hereof. Such Sale Proceeds may be invested without regard to yield restriction until such date.

(h) **Temporary Period for Sinking Fund Proceeds.** Amounts treated as proceeds of the Obligations because they are accumulated in any sinking fund for the Obligations may be invested without regard to yield restriction for a period of thirty (30) days beginning on the date of accumulation, and thereafter shall be invested at a yield not in excess of the yield on the Obligations in accordance with Regulation Section 1.148-2(e)(5).

(i) **No Other Funds or Accounts to Pay Debt Service.** There are no funds or accounts which are reasonably expected to be used to pay debt service on the Obligations or which are pledged to the Obligations, and for which there is reasonable assurance that amounts on deposit therein will be available to pay debt service on the Obligations if the Issuer encounters financial difficulty.

(j) **Rebate Requirement - Obligations.** The Issuer covenants that any and all investment proceeds earned on the gross proceeds (as defined in the Regulations) in excess of the yield on the Obligations will be held and set aside for rebate to the federal government if required to be held in accordance with the arbitrage requirements of Section 148 of the Code and the rebate requirements imposed by Section 148(f) of the Code. Such amount shall be calculated in the manner and paid at the times required by the Regulations.

4. **CALCULATION OF YIELD AND ISSUE PRICE.**

(a) **Method for Computing Yield.** The yield on the Obligations means that percentage which, when used in computing the present value on the date of delivery of all expected payments (principal and interest) paid on the Obligations an amount equal to the present value of the issue price of the Obligations (defined as the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Obligations were sold). Yield is calculated on a 360-day year with interest compounded annually. The issue price of the Obligations has been set at the initial offering price of the Obligations to the public (or the purchaser if the Obligations are not reoffered to the public) at which a substantial amount of the Obligations have been sold.

(b) **Reserved.**

(c) **Yield.** For purposes of calculating the yield, the issue price is \$12,227,352.95 (par amount of \$11,225,000.00, plus the original issue premium of \$1,008,659.25). The yield on the Obligations has been determined to be 3.4151742% (“**Arbitrage Yield**”), as calculated and as set forth in the Certificate of Municipal Advisor, attached hereto as **Exhibit C**.

5. **REBATE.**

(a) **Calculation of Investment Income.** The Issuer has provided for the calculation of its investment income from the investment of the proceeds of the Obligations.

(b) **Selection of Bond Year.** The Issuer hereby selects as the last day of its first bond year the one-year period (or shorter period from the date of issue of the Obligations) that ends at the close of February 18, 2027.

(c) **Rebate Covenant/Construction Exception.** The Issuer has agreed, to the extent required by Section 148(f) of the Code, to calculate and pay or cause to be calculated and paid to the United States Treasury, in the manner and at the times prescribed in the Regulations, an amount equal to the sum of (i) the excess of (x) the future value of all “nonpurpose receipts” in which the gross proceeds of the Obligations are invested over (y) the future value of all “nonpurpose payments” with respect to the Obligations, plus, (ii) any income attributable to the excess described in (x) above. The first required computation date of rebatable arbitrage in respect of the Obligations is February 18, 2031, or if earlier, the redemption date of the last outstanding Obligations. The Issuer understands, however, that if the Obligations satisfy the requirements for a rebate exception outlined in Regulation Section 1.148-7 for which it is eligible, the Obligations are not subject to the rebate requirement. The Issuer shall consult with Bickerstaff Heath Delgado Acosta LLP, Bond Counsel to the Issuer (“**Bond Counsel**”) or any other nationally recognized bond counsel as to the applicability of these exceptions prior to its required computation date.

(d) **Retention of Records.** The Issuer agrees to keep and retain until three years after the retirement of all of the Obligations, adequate records with respect to the investment of (i) all proceeds of the Obligations received upon the sale thereof, the earnings thereon and all reinvestments thereof, (ii) amounts to be used, or pledged, to pay, directly or indirectly, debt service on the Obligations, (iii) any other gross proceeds, and (iv) amounts in any rebate fund. Such records shall include: (i) purchase price; (ii) purchase date; (iii) type of investment; (iv) accrued interest paid; (v) interest rate (if applicable); (vi) principal amount; (vii) maturity date; (viii) interest payment date (if applicable); (ix) date of liquidation; and (x) receipts upon liquidation. If any investment becomes gross proceeds of the Obligations or is otherwise pledged to pay debt service on the Obligations on a date other than the date such investment is purchased, the Issuer's records shall include the market value of such investment on the date it is pledged to pay debt service on the Obligations or otherwise becomes gross proceeds. If any investment is retained after the date the last Obligations is retired, the Issuer's records shall include the market value of such investment on the date the last Obligations is retired. Amounts will be segregated wherever held in order to permit the Issuer to maintain these records.

(e) **Continuous Investment of Funds.** Except as provided in the next sentence, all amounts that constitute gross proceeds of the Obligations and all amounts in any rebate fund shall be invested at all times to the extent practicable, and no amounts may be held as cash or be invested in zero yield investments other than obligations of the United States purchased directly from the United States. In the event moneys cannot be invested due to the denomination, price or availability of investments, the Issuer may invest all such amounts in a deposit account of a bank with a yield not less than that paid to the general public or hold such moneys uninvested to the extent necessary.

6. MISCELLANEOUS.

(a) **Single Issue.** Other than as described in this paragraph, there are no other issues of governmental obligations of the Issuer: (a) sold within fifteen (15) days of the Sale Date of the Obligations; (b) sold pursuant to a common plan of financing with the Obligations; and (c) to be paid out of substantially the same source of funds, determined without regard to guarantees from unrelated parties.

(b) **No Federal Guarantee.** Except for the investments of the type described in the last sentence of this Section 6(b), no portion of the payment of principal or interest on the Obligations or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof). No portion of the Obligations have been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), or invested (directly or indirectly) in federally insured deposits or accounts. The foregoing provisions shall not apply to (i) proceeds of the Obligations invested for an initial temporary period, as described in Section 148(c) of the Code, until such proceeds are needed for the purpose for which said Obligations were issued, (ii) investments in a bona fide debt service fund, as described in Regulation Section 1.148-1(b), (iii) investments in a reserve fund that meets the requirements of Section 148(d) of the Code, (iv) investments in obligations issued by the United States Treasury, or (v) any other investments permitted under regulations issued by the Internal Revenue Service.

(c) **No Transactions to Reduce Investment Yield.** The Issuer has not entered into and will not enter into any transaction to reduce the yield on the investment of the proceeds of the Obligations in such a manner that the amount to be rebated to the Federal government is less than it would have been had the transaction been at arm's length and had the yield on the issue not been relevant to either party.

(d) **Expectations are Reasonable.** The statements as to the expectations of the Issuer made herein are reasonable as of the date of this certificate, and there are no facts, estimates or circumstances that would materially change the expectations expressed in this certificate.

(e) **Information Reporting.** The Issuer has reviewed the Internal Revenue Service Form 8038-G to be filed in connection with the issuance of the Obligations, a copy of which is

attached hereto as **Exhibit B**, and all of the information contained therein is, to the best of the Issuer's knowledge, true and complete.

(f) **No Expected Disposition of Facilities.** No portion of the facilities or other property financed by the Obligations is expected to be sold or otherwise disposed of prior to the last maturity of the Obligations, other than that which is due to normal wear, tear, and obsolescence.

(g) **Alteration of Restrictions and Covenants.** The yield restrictions and any other restriction or covenant contained herein may be altered or ignored if the Issuer receives an opinion of Bond Counsel or any other nationally recognized bond counsel to the effect that such alteration or nonobservance will not adversely affect the tax exemption of interest on the Obligations to which it is otherwise entitled.

(h) **Changes in Facts or Expectations.** The Issuer acknowledges that any changes in facts or expectations from those set forth herein may result in different yield restrictions or rebate requirements from those set forth herein and that Bond Counsel or other nationally recognized bond counsel should be contacted if such changes do occur.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of February 2026

By: _____
Sandy Penshorn, Comptroller
City of Sunrise Beach Village, Texas

EXHIBIT A

INITIAL ISSUE PRICE CERTIFICATE

EXHIBIT B

FORM 8038-G

EXHIBIT C

CERTIFICATE OF MUNICIPAL ADVISOR

January 13, 2026

City of Sunrise Beach Village
124 Sunrise Drive
Sunrise Beach Village, TX 78643
Attention: Sandy Penshorn, Comptroller

Re: ***US\$12,000,000 City of Sunrise Beach Village, A political subdivision of the State of Texas located in Llano County, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2026, dated: February 19, 2026, due: August 15, 2046***

Dear Sandy Penshorn

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "AA+" . S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements or to allow the Issuer to comply with its regulatory obligations) will become effective only after we have released the ratings on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. Any such dissemination shall not be done in a manner that would serve as a substitute for any products and services containing S&P Global Ratings' intellectual property for which a fee is charged.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:

S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

jc
enclosures

cc: ***Garry Kimball***
Monica Melvin

S&P Global Ratings
Terms and Conditions Applicable To Public Finance Credit Ratings

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Publication. S&P Global Ratings reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of S&P Global Ratings or its affiliates, S&P Global Ratings reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by S&P Global Ratings are not issued by or on behalf of the issuer or at the issuer's request. S&P Global Ratings reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. S&P Global Ratings may publish explanations of S&P Global Ratings' credit ratings criteria from time to time and S&P Global Ratings may modify or refine its credit ratings criteria at any time as S&P Global Ratings deems appropriate.

Reliance on Information. S&P Global Ratings relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by S&P Global Ratings' opinion of the information received from issuers, their agents or advisors.

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No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

Research Update:

Sunrise Beach Village, TX Series 2026 Combination Tax And Revenue Certificates of Obligation Rated 'AA+'; Outlook Stable

January 13, 2026

Overview

- S&P Global Ratings assigned its 'AA+' long-term rating to the City of [Sunrise Beach Village, Texas](#)' \$12 million series 2026 combination tax and revenue certificates of obligation (COs).
- We also affirmed our 'AA+' long-term rating on the city's general obligation (GO) bonds and COs outstanding.
- The outlook is stable.

Rationale

Security

The GO bonds and COs are payable from an ad valorem tax levied on all taxable property in the city, within the limits prescribed by law. The COs are additionally secured by a limited pledge not to exceed \$1,000 of surplus water and wastewater system revenue. Given the de minimis revenue pledge, we rate the certificates based on Sunrise Beach Village's ad valorem pledge. Ad valorem taxes are not levied on a narrower or distinctly different property tax base, and there are no limitations on the fungibility of resources available for debt service payment. Therefore, we view the limited-tax pledge to be on par with the city's general creditworthiness.

The maximum allowable ad valorem tax rate for Texas home-rule cities is \$2.50 per \$100 of assessed value (AV) for all purposes, with the dedicated debt service portion limited to \$1.50. Sunrise Beach Village's levy is well below the maximum at 11.74 cents per \$100 of AV, with no existing tax rate dedicated for debt service because utility system revenues have sufficiently met debt service requirements. The city will add a debt service tax rate up to 8 cents for the current debt issuance but will still have a low overall tax rate.

CO proceeds will fund road, drainage, and utility improvements.

Credit highlights

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Secondary Contact

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@spglobal.com

The rating reflects a wealthy and growing economy, stable finances with a predictable operating budget, and manageable debt, with no pension pressures.

Sunrise Beach Village, about 60 miles northwest of Austin, is on Lake LBJ and benefits from its location and wealthy base, supporting healthy revenue growth despite some inflationary pressures. The city is in a scenic part of the state that attracts retirees with high wealth and income levels and the tax base continues to expand steadily from new high-end residential construction. Management estimates that there are 200 lots available for development with just one or two of these for commercial use and the rest for residential. The population is expected to remain about 800.

Given that Sunrise Beach Village is primarily residential, property taxes contribute a significant 91% to revenues, which provides predictability and stability for the operating budget. In addition, the city's fire protection services are provided by another taxing entity, which limits Sunrise Beach Village's expenditures to police and basic city services. Although reserves are nominally small, hovering at about \$1 million for the past four years, they were 78% of general fund revenues as of fiscal 2024 and expected to remain at this level for fiscal 2025. The city's formal reserve policy is 180 days of budgeted general fund operational expenditures so the current reserves are well above the policy. In our view, considering that Sunrise Beach Village has a relatively small operating budget, the reserves are sufficient to provide liquidity for contingency needs. However, given the size of the budget, there is very little room for structural imbalance or large one-time capital purchases and if reserves were to decrease, there could be downward pressure on the rating.

The city expects to fund debt service requirements on the current issue with net revenues of the utility system and a debt service tax levy. Ongoing maintenance and capital needs are generally addressed in the annual operating budget or are funded with excess revenues at the end of the year.

The rating also reflects our opinion of Sunrise Beach Village's:

- Local incomes, based on median household effective buying income (EBI) and per-capita EBI that exceed both the county and U.S. levels;
- Management practices that include realistic assumptions, regular budget monitoring, formal investment and reserve policies, and annual review of capital needs that is included as part of the budgeting process; management is taking measures to mitigate cyber risk;
- Trend of small general fund surpluses and stable reserves; and
- Manageable debt burden with no plans for additional debt and no pension or other postemployment benefit pressures;
- For more information on our institutional framework assessment for Texas municipalities, see "[Institutional Framework Assessment: Texas Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We view the city's environmental, social, and governance factors as neutral considerations in our credit analysis.

Outlook

The stable outlook reflects our expectation that, over the next two years, the city will continue to benefit from its wealthy tax base and its financial performance and reserves will remain stable.

Downside scenario

We could lower the rating if Sunrise Beach Village's local economic indicators weaken materially or if a budgetary imbalance develops, resulting in draws on reserves.

Upside scenario

We could raise the rating if the local economy experienced a meaningful deepening and diversification while reserves are built up and sustained at a higher level, along with the city's implementation of more robust financial practices and policies.

Sunrise Beach Village, Texas--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.09
Economy	1.5
Financial performance	2
Reserves and liquidity	2
Management	2.70
Debt and liabilities	2.25

Sunrise Beach Village, Texas--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	61	--	61	56
County PCPI % of U.S.	106	--	106	103
Market value (\$000s)	855,016	691,497	640,035	510,354
Market value per capita (\$)	1,123,543	908,669	847,728	661,080
Top 10 taxpayers % of taxable value	4.7	5.1	4.7	--
County unemployment rate (%)	4.1	4.1	3.9	4.1
Local median household EBI % of U.S.	125	125	117	--
Local per capita EBI % of U.S.	176	176	171	--
Local population	761	761	755	772
Financial performance				
Operating fund revenues (\$000s)	--	1,295	1,250	1,097
Operating fund expenditures (\$000s)	--	1,275	1,200	1,077
Net transfers and other adjustments (\$000s)	--	(18)	20	14
Operating result (\$000s)	--	2	70	34
Operating result % of revenues	--	0.2	5.6	3.1
Operating result three-year average %	--	3.0	4.6	5.2
Reserves and liquidity				
Available reserves % of operating revenues	--	78.2	80.8	85.7
Available reserves (\$000s)	--	1,013	1,010	940
Debt and liabilities				
Debt service cost % of revenues	--	0.2	0.2	1.3
Net direct debt per capita (\$)	17,405	2,024	2,413	2,688

Sunrise Beach Village, Texas--key credit metrics

	Most recent	2024	2023	2022
Net direct debt (\$000s)	13,245	1,540	1,822	2,075
Direct debt 10-year amortization (%)	29	100	100	100
Pension and OPEB cost % of revenues	--	1.0	1.0	1.0
NPLs per capita (\$)	--	--	--	--
Combined NPLs (\$000s)	--	--	--	--

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List

New Issue Ratings

US\$12.0 mil comb tax and rev certs of oblig ser 2026 dtd 02/19/2026 due 08/15/2046

Long Term Rating AA+/Stable

New Rating

Local Government

Sunrise Beach Village, TX Limited Tax General Obligation, Water System Revenue, and Sewer System Revenue AA+/Stable

Ratings Affirmed

Local Government

Sunrise Beach Vill, TX Limited Tax General Operating Pledge AA+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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February 19, 2026

\$11,225,000

CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2026

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by the City of Sunrise Beach Village, Texas (the "City") of its \$11,225,000 aggregate original principal amount of Combination Tax and Revenue Certificates of Obligation, Series 2026, dated February 19, 2026 (the "Certificates").

IN OUR CAPACITY AS BOND COUNSEL, we have examined the Certificates for the sole purpose of rendering an opinion with respect to the legality and validity of the Ordinance (as defined below) and the Certificates under the Constitution and laws of the State of Texas, and with respect to the excludability of the interest on the Certificates from gross income for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the financial condition or capabilities of the City.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and the Home Rule Charter of the City. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service as we have deemed relevant, a transcript of certified proceedings of the City and other pertinent instruments authorizing and relating to the issuance of the Certificates, including (1) the ordinance (the "Ordinance") authorizing the issuance of the Certificates, (2) the registered Initial Certificate numbered I-1, and (3) the Arbitrage and Tax Certificate of the City.

BASED ON OUR EXAMINATION, we are of the opinion that:

1. The Certificates are valid and legally binding obligations of the City enforceable in accordance with their terms, except as their enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and as may be affected by matters involving the exercise of equitable or judicial discretion.
2. The Certificates are secured by and payable from the levy of a direct and continuing annual ad valorem tax upon all taxable property within the City, within the limits prescribed by law, sufficient for said purposes, and a limited pledge, not to exceed \$1,000, of the Surplus Revenues of the City's Waterworks System, as provided in the Ordinance.

3. Interest on the Certificates is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals.

In rendering this opinion, we have assumed continuing compliance by the City with the covenants contained in the Ordinance and the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Certificates and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Certificates being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Certificates.

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. We observe that the City has covenanted in the Ordinance not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,



BICKERSTAFF HEATH DELGADO ACOSTA LLP

SECURE CLOSING MEMORANDUM

(Summary)

Prepared By:

Specialized Public Finance Inc.

Secure Transaction Details:

Closing Date: February 19, 2026
Series Title: Combination Tax and Revenue Certificates of Obligation, Series 2026
Beneficiary: City of Sunrise Beach Village, Texas
Par Amount: \$11,225,000.00
Sender(s): Hilltop Securities Inc.
Clearer: Bank of Texas (BOKF, NA)
Receiver(s): Multiple (see within)

Receipt of Funds:The **Sender(s)** shall complete the following transfer(s):

From:	Amounts:	To:
Hilltop Securities Inc.:	\$12,123,998.76	Bank of Texas (BOKF, NA)
Total Amount:	\$12,123,998.76	

Disbursement of Funds:On the Closing Date, the **Clearer** shall transfer to the **Receivers** the following transfers:

Disbursements:	Amounts:	Participant Entity:
Issuer:	\$12,000,000.00	City of Sunrise Beach Village
Issuer:	\$3,777.26	City of Sunrise Beach Village
Bond Counsel:	\$32,500.00	Bickerstaff Heath Delgado Acosta LLP
Financial Advisor:	\$61,332.50	Specialized Public Finance Inc.
Rating Agency:	\$23,450.00	S&P Global Ratings
Electronic Distribution:	\$1,200.00	Ipreo
CUSIPs:	\$789.00	FactSet Research Systems
Secure Transaction Service:	\$750.00	BaseFund LLC
Paying Agent/Registrar:	\$200.00	Bank of Texas (BOKF, NA)
Total Amount:	\$12,123,998.76	

SECURE CLOSING MEMORANDUM
(Details)

I. Transaction Instructions:

WIRE FRAUD ADVISORY: Due to the increased risk associated with wire fraud, e-mail hacking and phishing attacks, in the event you receive ANY e-mail containing wire transfer instructions, please call Specialized Public Finance Inc. (SPFI) and/or the Paying Agent/Registrar, using previously known contact information and NOT information provided in the email, to verify the information contained within said wire transfer instructions prior to sending funds pursuant to such wire transfer instructions. SPFI WILL NOT BE RESPONSIBLE FOR MISDIRECTED WIRE TRANSFERS DUE TO CYBER SECURITY FRAUD REGARDLESS OF ORIGIN.

The closing time and date for the \$11,225,000 City of Sunrise Beach Village, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates") is Thursday, February 19, 2026, at 10:00 a.m. Central time (the "Closing Date") at the law offices of Bickerstaff Heath Delgado Acosta LLP, 1601 South Mo-Pac Expressway, Suite C400, Austin, Texas 78746. The issuer of the Certificates is the City of Sunrise Beach Village (the "Issuer").

Upon confirmation from Bond Counsel that all conditions precedent to effect the closing have occurred, the Paying Agent/Registrar shall wire or transfer immediately available fund received from the Underwriter as follows:

II. Receipt of Funds for Transaction:

1. On Thursday, February 19, 2026, Hilltop Securities Inc. (the "Underwriter") shall wire transfer the amount of \$12,123,998.76, no later than 10:00 a.m. Central Time on the Closing Date for the benefit of the Issuer to Bank of Texas (BOKF, NA) (the "Paying Agent/Registrar") as follows:

Amount: \$12,123,998.76
Bank: BOKF, NA
Beneficiary: *****
ABA #: *****0036
Account #: *****4642
OBI/Credit to: *****
Account Name: Wealth Management
Address: 5956 Sherry Lane, , Suite 900, Dallas, TX 75225
Contact: Anthony Orozco (+19728929973)

III. Disbursement of Funds for Transaction:

Upon receipt of such funds, the following disbursements are to be made by the Paying Agent/Registrar:

1. Wire transfer the amount of \$12,000,000.00 to the Issuer's Project Construction Fund.

Amount: \$12,000,000.00
Bank: UMB Bank, N.A.
Beneficiary: *****
ABA #: *****0695
Account #: *****7395
OBI/Credit to: *****
Account Name: Texas CLASS*
Address: 1010 Grand Blvd, Kansas City , MO 64106
Contact: Client Services (+18007076242)

2. Wire transfer the amount of \$3,777.26 to the Issuer's Debt Service Fund account which consists of \$3,177.26 in rounding amount and \$600.00 of miscellaneous costs of issuance.

Amount: \$3,777.26
Bank: UMB Bank, N.A.
Beneficiary: *****
ABA #: *****0695
Account #: *****7395
OBI/Credit to: *****
Account Name: Texas CLASS*
Address: 1010 Grand Blvd, Kansas City , MO 64106
Contact: Client Services (+18007076242)

3.Wire transfer the amount of \$32,500.00 to Bickerstaff Heath Delgado Acosta LLP which consists of \$21,000.00 Bond Counsel fee, \$2,000 Bond Counsel expenses and \$9,500.00 Attorney General fee.

Amount: \$32,500.00
Bank: Frost Bank
Beneficiary: Bickerstaff Heath Delgado Acosta LLP
ABA #: 114000093
Account #: 591068717
Account Name: Client Trust Account
Address: Two Barton Skyway, , 1601 S. MoPac Expressway, Suite C400, Austin, TX 78746
Contact: Samantha Springer (+15124728021)

4.Wire transfer the amount of \$61,332.50 to Specialized Public Finance Inc. which consists of \$55,812.50 Financial Advisory fee, \$5,000.00 document fee, and \$520.00 in mileage and miscellaneous costs of issuance.

Amount: \$61,332.50
Bank: Sunflower Bank, N.A.
Beneficiary: *****
ABA #: *****0621
Account #: *****0496
OBI/Credit to: *****
Account Name: SPFI Checking Account
Address: 248 Addie Roy Road, , Suite B-103, AUSTIN 78746-4110, TX 78746-4110
Contact: MONICA MELVIN (+15122757300)

5.Wire transfer the amount of \$23,450.00 to S&P Global Ratings (Reference Invoice #11512632) for a rating on the Certificates.

Amount: \$23,450.00
Bank: Bank of America
Beneficiary: *****
ABA #: *****9593
Account #: *****2500
OBI/Credit to: *****
Account Name: Standard & Poor's Financial Services LLC
Address: Standard & Poor's Financial Services LLC, S&P global Ratings, 148 Princeton-Hightstown road, Highstown, NJ 08520
Contact: Collections US Ratings (+18008521641)

6.Wire transfer the amount of \$1,200.00 to Ipreo LLC (reference invoice #INV-315387) for electronic distribution of the offering documents.

Amount: \$1,200.00
Bank: JP Morgan Chase, N.A.
Beneficiary: *****
ABA #: *****0021
Account #: *****5098
OBI/Credit to: *****
Account Name: Ipreo LLC
Address: P.O. Box 21865, New York, NY 10087
Contact: Billing Support (+15122757300)

7.Wire transfer the amount of \$789.00 to Factset Research Systems Inc. (reference invoice #CI10-00177724) for CUSIPs for the Certificates.

Amount: \$789.00
Bank: BANK OF AMERICA
Beneficiary: *****
ABA #: *****9593
Account #: *****0309
OBI/Credit to: *****
Account Name: FACTSET RESEARCH SYSTEMS INC.
Address: 45 GLOVER AVENUE, NORWALK, CT 06850
Contact: CHRISTINA SYKOWSKI (+18772874737)

8.Wire transfer the amount of \$750.00 to BaseFund LLC for facilitating the digital transaction.

Amount: \$750.00
Bank: JPMorgan Chase Bank, N.A.
Beneficiary: Robert White
ABA #: 021000021
Account #: 959208510
Account Name: BaseFund
Address: 120 Western Trl, Buffalo Gap, TX 79508
Contact: Robert White (+13256654288)

9.Retain the amount of \$200.00 which represents the Paying Agent/Registrar fee.

Amount: \$200.00

Bank: BOKF, NA
Beneficiary: *****
ABA #: *****0036
Account #: *****4642
OBI/Credit to: *****
Account Name: Wealth Management
Address: 5956 Sherry Lane, , Suite 900, Dallas, TX 75225
Contact: Anthony Orozco (+19728929973)

Information Return for Tax-Exempt Governmental Bonds

► Under Internal Revenue Code section 149(e)

► See separate instructions.

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.

OMB No. 1545-0047

Part I Reporting AuthorityCheck box if Amended Return ☐

1 Issuer's name <u>City of Sunrise Beach Village, Texas</u>		2 Issuer's employer identification number (EIN) <u>74-1810511</u>
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) <u>Gregory Miller</u>		3b Telephone number of other person shown on 3a <u>512-404-7762</u>
4 Number and street (or P.O. box if mail is not delivered to street address) <u>124 Sunrise Drive</u>	Room/suite	5 Report number (For IRS Use Only) <u>3</u>
6 City, town, or post office, state, and ZIP code <u>Sunrise Beach Village, Texas 78643</u>		7 Date of issue <u>February 19, 2026</u>
8 Name of issue <u>Combination Tax And Revenue Certificates Of Obligation, Series 2026</u>		9 CUSIP number <u>86768BCA</u>
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information <u>Sandy Penshorn, Tax Assessor-Collector/City Comptroller</u>		10b Telephone number of officer or other employee shown on 10a <u>325-388-6438</u>

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	<u>11,225,000</u>
18 Other. Describe ►	18	
19a If bonds are TANs or RANs, check only box 19a ☐		
b If bonds are BANs, check only box 19b ☐		
20 If bonds are in the form of a lease or installment sale, check box ☐		

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	<u>August 15, 2046</u>	<u>\$ 12,227,352.95</u>	<u>\$ 11,225,000</u>	<u>13.290</u> years	<u>3.4151742%</u> %

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	<u>12,227,352.95</u>
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	<u>224,175.69</u>
25 Proceeds used for credit enhancement	25	
26 Proceeds allocated to reasonably required reserve or replacement fund	26	
27 Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	
28 Proceeds used to refund prior taxable bonds. Complete Part V	28	
29 Total (add lines 24 through 28)	29	
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	

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)		

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a	
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	37	
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 _____ Date _____	Type or print name and title _____
---	------------------------------------

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ► _____			Firm's EIN ► _____	
Firm's address ► _____			Phone no. _____	

REGISTERED
No. I-1

\$11,225,000

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date: February 19, 2026

Date of Delivery: February 19, 2026

Registered Owner: HILLTOP SECURITIES INC.

Principal Amount: ELEVEN MILLION TWO HUNDRED TWENTY-FIVE THOUSAND
DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on August 15 in the years and in principal installments in accordance with the following schedule:

<u>Year of Maturity</u>	<u>Principal Installment</u>	<u>Interest Rate</u>
2030	\$440,000	5.00%
2031	465,000	5.00%
2032	485,000	5.00%
2033	510,000	5.00%
2034	535,000	5.00%
2035	565,000	5.00%
2036	590,000	5.00%
2037	620,000	5.00%
2038	650,000	5.00%
2039	685,000	5.00%
2040	720,000	4.00%
2041	750,000	4.00%
2042	775,000	4.00%
2043	810,000	4.00%
2044	840,000	4.00%
2045	875,000	4.00%
2046	910,000 (Maturity)	4.00%

and to pay interest on the unpaid principal installments hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal installments of this Certificate are payable in the year of maturity or on a prepayment date to the Registered Owner hereof by BOK Financial (the "Paying Agent/Registrar"), upon presentation and surrender, at its principal offices in Dallas, Texas (the "Designated Payment/Transfer Office"). Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

THIS CERTIFICATE IS ONE OF A SERIES of fully registered Certificates specified in the title hereof issued in the aggregate principal amount of \$11,225,000 (herein referred to as the "Certificates"), issued pursuant to a certain ordinance of the City (the "Ordinance") for the purpose of paying contractual obligations of the City to be incurred for (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the aforementioned public works.

THE CERTIFICATES maturing on and after August 15, 2035 may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the Paying Agent/Registrar), on August 15, 2035, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption and upon 30 days prior written notice being sent by United States mail, first class postage prepaid, to the Registered Owners of the Certificates to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance.

IF THIS CERTIFICATE (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

IN THE EVENT OF A PARTIAL REDEMPTION of the principal amount of this Certificate, payment of the redemption price of such principal amount shall be made to the Registered Owner only upon presentation and surrender of this Certificate to the Paying Agent/Registrar at its Designated Payment/Transfer Office, and there shall be issued to the Registered Owner hereof, without charge, a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum hereof. If this Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer this Certificate to an assignee of the Registered Owner within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

THE CERTIFICATES are payable from the levy of a direct and continuing ad valorem tax, within the limits prescribed by law, against all taxable property in the City, and from a limited pledge, not to exceed \$1,000, of Surplus Revenues (as defined in the Ordinance) from the City's Waterworks and Sewer System. Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Registered Owner or Holder of this Certificate by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied and the revenue pledged for the payment of the Certificates; the terms and conditions relating to the transfer or exchange of this Certificate; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Certificate may be discharged at or prior to its maturity, and deemed to be no longer outstanding thereunder; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

THIS CERTIFICATE, subject to certain limitations contained in the Ordinance, may be transferred on the Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Registered Owner hereof or his duly authorized agent. When a transfer on the Register occurs, one or more new fully registered certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

THE CITY AND THE PAYING AGENT/REGISTRAR, and any agent of either, shall treat the Registered Owner whose name appears on the Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to payment of principal at the Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a Certificate on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have

been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Registered Owner of a Certificate appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Certificate and the series of which it is a part is duly authorized by law; that all acts, conditions and things to be done precedent to and in the issuance of this Certificate and the series of which it is a part, have been properly done, have happened and have been performed in regular and due time, form and manner as required by law; that proper provisions have been made for the levy and collection annually of taxes upon all taxable property in said City sufficient within the limits prescribed by law, and from a limited pledge of Surplus Revenues (as defined in the Ordinance) from the City's Waterworks and Sewer System, to pay the interest on this Certificate and the series of which it is a part as due and to provide for the payment of the principal as the same matures; and that the total indebtedness of the City, including the Certificates, does not exceed any constitutional or statutory limitation.

SPECIMEN

IN WITNESS WHEREOF, the City has caused this Certificate to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Secretary, and the official seal of the City has been duly impressed or placed in facsimile on this Certificate.



Mayor
City of Sunrise Beach Village, Texas



City Secretary
City of Sunrise Beach Village, Texas



SPECIMEN

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS §
OF THE STATE OF TEXAS §

REGISTER NO. 104295

I hereby certify that there is on file and of record in my office an Opinion of the Attorney General of the State of Texas to the effect that this Certificate has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that this Certificate has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, February 18, 2026.



Comptroller of Public Accounts
of the State of Texas

SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto/

(Please print or typewrite name and address, including zip code, of Transferee)

_____ the within Certificate and all rights
(Please insert Social Security or Taxpayer Identification Number)

thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 15 (17 CFR 240-17Ad-15).

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this 17Ad-Certificate in every particular, without alteration or enlargement or any change whatsoever.

SPECIMEN

REGISTERED

REGISTERED

No. R-1

\$440,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	5.000%	August 15, 2030	86768BBJ4

Registered Owner: CULDE & CO.

Principal Amount: FOUR HUNDRED FORTY THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-2

\$465,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	5.000%	August 15, 2031	86768BBK1

Registered Owner: CULDE & CO.

Principal Amount: FOUR HUNDRED SIXTY-FIVE THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-3

\$485,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	5.000%	August 15, 2032	86768BBL9

Registered Owner: CULDE & CO.

Principal Amount: FOUR HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-4

\$510,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	5.000%	August 15, 2033	86768BBM7

Registered Owner: CUDEN & CO.

Principal Amount: FIVE HUNDRED TEN THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-5

\$535,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	5.000%	August 15, 2034	86768BBN5

Registered Owner: CULDE & CO.

Principal Amount: FIVE HUNDRED THIRTY-FIVE THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-6

\$565,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	5.000%	August 15, 2035	86768BBP0

Registered Owner: CULDE & CO.

Principal Amount: FIVE HUNDRED SIXTY-FIVE THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-7

\$590,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	5.000%	August 15, 2036	86768BBQ8

Registered Owner: CUDDE & CO.

Principal Amount: FIVE HUNDRED NINETY THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-8

\$620,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	5.000%	August 15, 2037	86768BBR6

Registered Owner: CULDE & CO.

Principal Amount: SIX HUNDRED TWENTY THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-9

\$650,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	5.000%	August 15, 2038	86768BBS4

Registered Owner: CUDEN & CO.

Principal Amount: SIX HUNDRED FIFTY THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-10

\$685,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	5.000%	August 15, 2039	86768BBT2

Registered Owner: CULDE & CO.

Principal Amount: SIX HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-11

\$720,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	4.000%	August 15, 2040	86768BBU9

Registered Owner: CULDE & CO.

Principal Amount: SEVEN HUNDRED TWENTY THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-12

\$750,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	4.000%	August 15, 2041	86768BBV7

Registered Owner: CULDE & CO.

Principal Amount: SEVEN HUNDRED FIFTY THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-13

\$775,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	4.000%	August 15, 2042	86768BBW5

Registered Owner: CULDE & CO.

Principal Amount: SEVEN HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-14

\$810,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	4.000%	August 15, 2043	86768BBX3

Registered Owner: CULDE & CO.

Principal Amount: EIGHT HUNDRED TEN THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-15

\$840,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	4.000%	August 15, 2044	86768BBY1

Registered Owner: CULDE & CO.

Principal Amount: EIGHT HUNDRED FORTY THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-16

\$875,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	4.000%	August 15, 2045	86768BZ8

Registered Owner: CULDE & CO.

Principal Amount: EIGHT HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

REGISTERED

REGISTERED

No. R-17

\$910,000

United States of America
State of Texas
CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2026

Dated Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
February 19, 2026	4.000%	August 15, 2046	86768BCA2

Registered Owner: CULDE & CO.

Principal Amount: NINE HUNDRED TEN THOUSAND DOLLARS

THE CITY OF SUNRISE BEACH VILLAGE, TEXAS (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid Principal Amount hereof from the Closing Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2027. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first-class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

THIS CERTIFICATE IS ONE OF A SERIES of fully registered Certificates specified in the title hereof issued in the aggregate principal amount of \$11,225,000 (herein referred to as the "Certificates"), issued pursuant to a certain ordinance of the City (the "Ordinance") for the purpose of paying contractual obligations to be incurred for the following purposes: (1) constructing two new 70,000-gallon clearwells at the existing Water Treatment Plant site; (2) equipping, expanding, improving, operating, and renovating the existing Water Treatment Plant; (3) constructing a new 12-inch pipeline at the Water Treatment Plant site; (4) constructing a hydropneumatic tank and booster pump package system; (5) constructing new distribution lines; (6) acquiring and installing equipment and materials for the preceding public works; (7) constructing and repairing Village streets and drainage systems; and (8) professional services relating to the design, construction, project management, and financing of the aforementioned public works.

THE CERTIFICATE maturing on and after August 15, 2036 may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the Paying Agent/Registrar), on August 15, 2036, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption and upon 30 days prior written notice being sent by United States mail, first-class postage prepaid, to the Registered Owners of the Certificates to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance.

IF THIS CERTIFICATE (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

IN THE EVENT OF A PARTIAL REDEMPTION of the principal amount of this Certificate, payment of the redemption price of such principal amount shall be made to the Registered Owner only upon presentation and surrender of this Certificate to the Paying Agent/Registrar at its Designated Payment/Transfer Office, and there shall be issued to the Registered Owner hereof, without charge, a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum hereof. If this Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer this Certificate to an assignee of the Registered Owner within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

THE CERTIFICATES are payable from the levy of a direct and continuing ad valorem tax, within the limits prescribed by law, against all taxable property in the City, and from a limited pledge, not to exceed \$1,000, of Surplus Revenues (as defined in the Ordinance) from the City's

Waterworks System. Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Registered Owner or Holder of this Certificate by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied and the revenue pledged for the payment of the Certificates; the terms and conditions relating to the transfer or exchange of this Certificate; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Certificate may be discharged at or prior to its maturity, and deemed to be no longer outstanding thereunder; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

THIS CERTIFICATE, subject to certain limitations contained in the Ordinance, may be transferred on the Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Registered Owner hereof, or his duly authorized agent. When a transfer on the Register occurs, one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

THE CITY AND THE PAYING AGENT/REGISTRAR, and any agent of either, shall treat the Registered Owner whose name appears on the Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to payment of principal at the Stated Maturity, its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a Certificate on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner of a Certificate appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Certificate and the series of which it is a part is duly authorized by law; that all acts, conditions and things to be done precedent to and in the issuance of this Certificate and the series of which it is a part, have been properly done, have happened and have been performed in regular and due time, form and manner as required by law; that proper provisions have been made for the levy and collection annually of taxes upon all taxable property in said City sufficient within the limits prescribed by law, and from a limited pledge of Surplus Revenues (as defined in the Ordinance) from the City's Waterworks System, to pay the interest on this Certificate and the series of which it is a part as due and to provide for the payment of the principal as the same matures; and that the total indebtedness of the City, including the Certificates, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City has caused this Certificate to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Secretary, and the official seal of the City has been duly impressed or placed in facsimile on this Certificate.



Mayor
City of Sunrise Beach Village, Texas



City Secretary
City of Sunrise Beach Village, Texas



SPECIMEN

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Certificate of this series of Certificates was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Certificates referred to in the within-mentioned Ordinance.

BOKF, NA
Dallas, Texas
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

(Please print or typewrite name and address, including zip code, of Transferee)

the within Certificate and all rights thereunder,

(Please insert Social Security or Taxpayer Identification Number)

and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears on the face of the within Certificate in every particular and must be guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority

SPECIMEN

February 19, 2026

\$11,225,000

CITY OF SUNRISE BEACH VILLAGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2026

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by the City of Sunrise Beach Village, Texas (the "City") of its \$11,225,000 aggregate original principal amount of Combination Tax and Revenue Certificates of Obligation, Series 2026, dated February 19, 2026 (the "Certificates").

IN OUR CAPACITY AS BOND COUNSEL, we have examined the Certificates for the sole purpose of rendering an opinion with respect to the legality and validity of the Ordinance (as defined below) and the Certificates under the Constitution and laws of the State of Texas, and with respect to the excludability of an interest on the Certificates from gross income for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and the Home Rule Charter of the City. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service as we have deemed relevant, a transcript of certified proceedings of the City and other pertinent instruments authorizing and relating to the issuance of the Certificates, including (1) the ordinance (the "Ordinance") authorizing the issuance of the Certificates, (2) the registered Initial Certificate numbered I-1, and (3) the Arbitrage and Tax Certificate of the City.

BASED ON OUR EXAMINATION, we are of the opinion that:

1. The Certificates are valid and legally binding obligations of the City enforceable in accordance with their terms, except as their enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and as may be affected by matters involving the exercise of equitable or judicial discretion.
2. The Certificates are secured by and payable from the levy of a direct and continuing annual ad valorem tax upon all taxable property within the City, within the limits prescribed by law, sufficient for said purposes, and a limited pledge, not to exceed \$1,000, of the Surplus Revenues of the City's Waterworks System, as provided in the Ordinance.

3. Interest on the Certificates is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals.

In rendering this opinion, we have assumed continuing compliance by the City with the covenants contained in the Ordinance and the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Certificates and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Certificates being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Certificates.

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. We observe that the City has covenanted in the Ordinance not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,



BICKERSTAFF HEATH DELGADO ACOSTA LLP