

**NOTICE OF SALE  
AND  
BIDDING INSTRUCTIONS  
ON  
\$100,000,000\*  
CITY OF ROUND ROCK, TEXAS  
(A political subdivision of the State of Texas located in Williamson and Travis Counties)  
GENERAL OBLIGATION BONDS, SERIES 2026**

**Bids Due Thursday, April 23, 2026 at 9:00 AM, CDT**

**THE SALE**

**BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING** . . . The City of Round Rock, Texas (the “City”), is offering for sale its \$100,000,000\* General Obligation Bonds, Series 2026 (the “Bonds”). 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., assumes 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, telephone or facsimile 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 the Bonds,” should be addressed to “Mayor and City Council, City of Round Rock, 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 9:00 AM, CDT on April 23, 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 Bonds 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 8:30 AM and 9:00 AM, CDT on the date of the bid opening.

Fax bids must be received between 8:30 AM and 9:00 AM, CDT, 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 AMORTIZATION.” 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 9:30 AM CDT 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 Bonds will be considered in Council Chambers of City Hall at 221 East Main Street, Round Rock, Texas 78664, at a meeting that convenes at 6:00 PM, CDT on Thursday, April 23, 2026.

**AWARD OF THE BONDS** . . . The City Council will take action to award the Bonds (or reject all bids) at a meeting scheduled to convene at 6:00 PM, CDT, on the date of the bid opening. Upon awarding the Bonds, the City will also adopt the ordinance authorizing the Bonds (the “Ordinance”) and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. Sale of the Bonds 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, CDT on Wednesday, April 22, 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 BONDS**

**DESCRIPTION** . . . The Bonds will be dated May 19, 2026 (the “Dated Date”). Interest will accrue from the date of initial delivery of the Bonds 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 Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Bonds will mature on August 15 in each year as follows:

**MATURITY SCHEDULE\***

Maturity (August 15)	Principal Amount	Maturity (August 15)	Principal Amount
2027	\$ 980,000	2040	\$ 3,995,000
2028	2,225,000	2041	4,195,000
2029	2,335,000	2042	4,405,000
2030	2,455,000	2043	4,625,000
2031	2,575,000	2044	4,855,000
2032	2,705,000	2045	5,100,000
2033	2,840,000	2046	5,355,000
2034	2,980,000	2047	5,625,000
2035	3,130,000	2048	5,905,000
2036	3,290,000	2049	6,200,000
2037	3,450,000	2050	6,510,000
2038	3,625,000	2051	6,835,000
2039	3,805,000		

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

**REDEMPTION** . . . The City reserves the right, at its option, to redeem Bonds having stated maturities 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.

**TERM BONDS** . . . Bidders may provide that all of the Bonds be issued as serial Bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term Bonds.

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

**PAYING AGENT/REGISTRAR** . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, National Association, Houston, Texas (see “THE OBLIGATIONS – PAYING AGENT/REGISTRAR” in the Official Statement).

**SOURCE OF PAYMENT** . . . The Bonds constitute direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinance.

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

## CONDITIONS OF THE SALE

**TYPE OF BIDS AND INTEREST RATES** . . . The Bonds 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 Bonds, 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 5.25%. For Bonds having stated maturities on and after August 15, 2036, no reoffering yield producing a dollar price less than 97.5% for any individual maturity 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. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

**POST BID MODIFICATION OF PRINCIPAL AMORTIZATION** . . . After selecting the winning bid, the aggregate principal amount of the Bonds 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 Bonds by more than 15% from the amount set forth herein. The dollar amount bid for the Bonds by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Bonds 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 Bonds 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 Bonds 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 Bonds and/or the maturity schedule for the Bonds made by the City or its Financial Advisor shall be subsequent to the award of the Bonds 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 submitting a bid, the sale of the Bonds will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the “Bond Purchaser”) making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City based on the maturity schedule in the Official Bid Form. 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 Bonds on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Bonds plus any premium bid, if any. 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 Bond 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 BONDS** . . . 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 Bonds (the “First Price Maturity”) have been sold to the Public on the Sale Date (the “10% Test”) (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the-offering-price of each maturity of the Bonds 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 Bonds 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 Bonds' "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 5 business days before the Closing Date if the Competitive Sale Requirement is satisfied or within 5 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 Bonds 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 to the Underwriter,

(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 Bonds 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 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

(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 Bonds 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 Bonds 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 Bonds, 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 Bonds 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 Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Bonds 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 Bonds 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 Bonds 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 Bonds of each maturity allocated to it until either all such Bonds 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 Bonds of that maturity. Sales of any Bonds 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 Bonds, 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 Underwriter 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 Underwriter 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 Bonds 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 Bonds 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 Round Rock, Texas*) and box 3 is the identification number assigned to this contract by the City (*Round Rock GO 2026*) and description of the goods or services (*Purchase of the City of Round Rock General Obligation Bonds, 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, in physical form, 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](mailto:garry@spfmuni.com) and bond counsel at [rdonoghue@mphlegal.com](mailto:rdonoghue@mphlegal.com), as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.** Upon receipt of the final written award, the winning bidder must submit the TEC Form 1295 with original signatures by email to Bond Counsel as follows: [rdonoghue@mphlegal.com](mailto:rdonoghue@mphlegal.com).

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 oath and 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 Bonds 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 Bonds 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](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm).

**VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS** . . . The City will not award the Bonds 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. Such representations and covenants shall also be applicable to each syndicate member listed on the Official Bid Form. Liability for breach of any such verification through the delivery date of the Bonds shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Notice of Sale or the Official Bid Form, notwithstanding anything herein or in the Official Bid Form 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 through the delivery date of the Bonds. 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 through the delivery date of the Bonds. 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 through the delivery date of the Bonds. 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 and each syndicate member listed on the Official Bid Form 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. The bidder agrees that it will not rescind its standing letter at any time before the delivery of the Bonds unless the 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 Bonds. If requested by the City, the Bond Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications (defined below), as of the delivery date of the Bonds 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 Bond Purchaser and any 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, accept and retain 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 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 Bonds, the entity signing the bid form as Bond Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Bond 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** . . . The winning bidder will be required to provide a deposit in the amount of \$2,000,000 to the City as bid security by 5:00 p.m. CDT on April 23, 2026. The bid security may be provided to the City (i) via wire transfer (the City or its financial advisor, Specialized Public Finance Inc., will provide wire instructions to the winning bidder), or (ii) in the form of a certified or cashier’s check made payable to the order of City in the amount of the deposit set forth above. The wire option will be retained by the City and: (a) will be applied, without allowance for interest, against the purchase price when the Bonds are delivered to and paid for by such winning bidder or (b) will be retained by the City as liquidated damages if the winning bidder defaults with respect to the terms of its bid or (c) will be returned to the winning bidder if the Bonds are not issued by the City for any reason which does not constitute a default by the winning bidder. If the check option is utilized, the check will be (a) returned uncashed to the winning bidder when the Bonds are delivered to and paid for by such winning bidder, (b) cashed by the City as liquidated damages if the winning bidder defaults with respect to the terms of its bid or (c) returned uncashed to the winning bidder if the Bonds are not issued by the City for any reason which does not constitute a default by the winning bidder. The foregoing notwithstanding, if it is determined after the acceptance of the bid by the City that the Bond Purchaser or any syndicate member listed on the Official Bid Form was found not to satisfy the requirements described under “Verifications of Statutory Representations and Covenants” and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then the check shall be cashed and accepted by the City or the wire will be retained by the City, as applicable, but neither shall be the sole or exclusive remedy available to the City.

## DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

**CUSIP NUMBERS** . . . It is anticipated that CUSIP identification numbers will appear on the Bonds, but neither the failure to print or type such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Bond Purchaser to accept delivery of and pay for the Bonds 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 Bond Purchaser at the time the Bonds are awarded or as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Bonds shall be paid by the City.

**DELIVERY OF BONDS** . . . Delivery will be accomplished by the issuance of one Initial Bond (also called the “Bond” or “Bonds”), either in typed or printed form, in the aggregate principal amount of \$100,000,000\*, payable in stated installments to the Bond Purchaser, signed by the Mayor and City Clerk, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Bond, it shall be immediately cancelled and one definitive Bond 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 Bonds must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Bond Purchaser will be given six business days’ notice of the time fixed for delivery of the Bonds. It is anticipated that delivery of the Bonds can be made on or about May 19, 2026, and it is understood and agreed that the Bond Purchaser will accept delivery and make payment for the Bonds by 10:00 AM, CDT, on May 19, 2026, or thereafter on the date the Bonds are tendered for delivery, up to and including June 2, 2026. If for any reason the City is unable to make delivery on or before June 2, 2026, the City shall immediately contact the Bond Purchaser and offer to allow the Bond Purchaser to extend its offer for an additional thirty days. If the Bond 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 Bond 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 Bonds, provided such failure is due to circumstances beyond the City’s reasonable control.

**CONDITIONS TO DELIVERY** . . . The obligation of the Bond Purchaser to take up and pay for the Bonds is subject to the Bond Purchaser’s receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., 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 Bonds from the gross income of their owners, the Bond Purchaser will be required to complete, execute, and deliver to the City (no later than the close of business on the business day following the award of the bid) 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 Bonds 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 Bonds as a result of the Bond Purchaser’s inability to sell a substantial amount of the Bonds 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 Bond 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.

**LEGAL OPINION** . . . The Bonds 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 Bonds is subject to the receipt by the Bond Purchaser of opinions of Bond Counsel, to the effect that the Bonds are valid and binding obligations of the City (except as the enforceability may be limited by governmental immunity, 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 Bonds 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 Bonds and of the Bond Purchaser to accept delivery of and pay for the Bonds are subject to the condition that at the time of delivery of and receipt of payment for the Bonds, 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 delivery of the Bonds to the Bond Purchaser, the City will deliver to the Bond 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 Bonds; restraining or enjoining the authorization, execution, or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officials of the City.

\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMORTIZATION.” 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 Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Specialized Public Finance Inc., in its capacity as 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 Bonds, 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 Bond Purchaser represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Bond Purchaser will register the Bonds in accordance with the securities law of the states in which the Bonds are offered or sold. The City agrees to cooperate with the Bond Purchaser, at the Bond Purchaser's written request and expense, in registering the Bonds 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 Bonds but is merely notice of the sale of the Bonds. The offer to sell the Bonds 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 Bonds.

**ISSUANCE OF ADDITIONAL DEBT** . . . The City is in the process of issuing \$93,000,000\* Combination Tax and Limited Revenue Certificates of Obligation, Series 2026, and \$5,300,000\* Limited Tax Notes, Series 2026 pursuant to separate offerings. The City does anticipate issuing approximately \$13,465,000\* General Obligation Refunding Bonds, Series 2026 within the next three months.

**RATINGS** . . . The Bonds and the outstanding tax supported debt of the City have been rated "AAA" by S&P Global Ratings ("S&P"). The outstanding tax supported debt of the City is also rated "Aa1" by Moody's Investors Service ("Moody's"). No application was made to Moody's for a rating on the Bonds.

**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 Bonds. 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 Bond Purchaser, acting through a designated senior representative, in accordance with instructions received from the Bond 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 Bonds. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Bond Purchaser. The Bond 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 certain specified events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Bond Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Bond Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

**COMPLIANCE WITH PRIOR UNDERTAKINGS** . . . In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for each of the last five years have consisted of the related City's Annual Comprehensive Financial Report ("ACFR"), which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFR but can be calculated from information in the ACFR.

\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMORTIZATION.” Preliminary, subject to change. 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 Bonds. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Bonds, 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 Bonds by the Bond Purchaser.

/s/ CRAIG MORGAN

Mayor  
City of Round Rock, Texas

ATTEST:

/s/ ANN FRANKLIN

City Clerk  
City of Round Rock, Texas

April 14, 2026

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**OFFICIAL BID FORM**

Honorable Mayor and City Council  
 City of Round Rock, Texas  
 221 East Main Street  
 Round Rock, Texas 78664

April 23, 2026

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated April 14, 2026, of \$100,000,000\* CITY OF ROUND ROCK, TEXAS GENERAL OBLIGATION BONDS, SERIES 2026, both of which constitute a part hereof.

For your legally issued Bonds, in the aggregate principal amount of \$100,000,000\*, we will pay you a price of \$ \_\_\_\_\_, representing approximately \_\_\_\_\_ % of the par value. Such Bonds 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 15)	Principal Amount*	Interest Rate
2027	\$ 980,000	%	2040	\$ 3,995,000	%
2028	2,225,000	%	2041	4,195,000	%
2029	2,335,000	%	2042	4,405,000	%
2030	2,455,000	%	2043	4,625,000	%
2031	2,575,000	%	2044	4,855,000	%
2032	2,705,000	%	2045	5,100,000	%
2033	2,840,000	%	2046	5,355,000	%
2034	2,980,000	%	2047	5,625,000	%
2035	3,130,000	%	2048	5,905,000	%
2036	3,290,000	%	2049	6,200,000	%
2037	3,450,000	%	2050	6,510,000	%
2038	3,625,000	%	2051	6,835,000	%
2039	3,805,000	%			

Of the principal maturities set forth in the table above, term bonds have been created as indicated in the following table (which may include multiple term Bonds, one term bond or no term bond if none is indicated). For those years which have been combined into term bonds, 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 bond maturity date shall mature in such year. The term bonds created are as follows:

Term Bonds 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 Bonds shall be registered in the name of \_\_\_\_\_, which will, upon payment for the Bonds, be cancelled by the Paying Agent/Registrar. The Bonds 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 AMORTIZATION." Preliminary, subject to change.

A wire transfer or a cashiers or certified check to the City in the amount of \$2,000,000 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 Bonds 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 Bonds utilizing the book-entry-only system through DTC and make payment for the Initial Bond in immediately available funds in the Corporate Trust Division, The Bank of New York Mellon Trust Company, National Association, Houston, Texas, not later than 10:00 AM, CDT, on May 19, 2026, or thereafter on the date the Bonds 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 Bonds 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 Issuer's Bond Counsel at rdonoghue@mphlegal.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.

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Official Bid Form. 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 through the delivery date of the Bonds shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Notice of Sale, notwithstanding anything in this Official Bid Form or the Notice of Sale to the contrary.

- (i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The Bond 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 through the delivery date of the Bonds. 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 Bond 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 Bond 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 through the delivery date of the Bonds. 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 Bond 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 through the delivery date of the Bonds. 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 Bond Purchaser understands and agrees that if the Bond Purchaser should fail or refuse to take up and pay for the Bonds in accordance with this bid, or it is determined that after the acceptance of this bid by the City that the Bond Purchaser or any syndicate member listed on this Official Bid Form was found not to satisfy the requirements described in the 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 Bonds, then the check or wire submitted herewith as the Bond Purchaser's Good Faith Deposit shall be cashed, accepted and retained, as applicable, by the City. IF THE CITY RETAINS THE BOND PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Bond Purchaser understands and agrees that the liability of the Bond 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 Notice of Sale. Additionally, the Bond 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 Bond 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 Bond 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 Bond Purchaser hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Bonds unless the same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Bond Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the delivery date of the Bonds 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 Bond 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 of financial companies boycotting energy companies or discriminating against firearm entities.

The Bond Purchaser understands and agrees that to the extent the Bond 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 Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THIS BID OF THE BOND PURCHASER TO PURCHASE THE BONDS 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 Bonds, a certificate relating to the "issue price" of the Bonds 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 Bond 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 Financial Advisor by the close of the next business day after the award.**

Respectfully submitted,

\_\_\_\_\_  
Name of Bond Purchaser or Manager

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by City of Round Rock, Texas, this the 23rd day of April, 2026.

ATTEST:

\_\_\_\_\_  
City Clerk  
City of Round Rock, Texas

\_\_\_\_\_  
Mayor  
City of Round Rock, Texas

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**ISSUE PRICE CERTIFICATE**

**(Sales where at least 3 bids are received from bidders)**

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Bond Purchaser”), with respect to the purchase at competitive sale of the General Obligation Bonds, Series 2026 issued by the City of Round Rock, Texas (“Issuer”) in the principal amount of \$100,000,000\* (“Bonds”), 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 Bonds by the Bond Purchaser, the Bond Purchaser’s reasonably expected initial offering prices of each maturity of the Bonds 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 Bonds, as attached to this certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Bond Purchaser in formulating its bid to purchase the Bonds.

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

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

(d) The Bond Purchaser [has] [has not] purchased bond insurance for the Bonds. 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 Bonds. 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 Bonds, 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 Bonds 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 Bonds 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 Bonds to the Public) to participate in the initial sale of the Bonds 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 Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Bond 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 BOND PURCHASER], as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

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

**SCHEDULE A**

PRICING WIRE OR EQUIVALENT COMMUNICATION  
*(Attached)*

**ISSUE PRICE CERTIFICATE**

**(Form of Certificate if less than 3 bids are received from bidders)**

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Bond Purchaser”), with respect to the purchase at competitive sale of the General Obligation Bonds, Series 2026 issued by the City of Round Rock, Texas (“Issuer”) in the principal amount of \$100,000,000\* (“Bonds”), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Bonds maturing in \_\_\_\_\_ (“Hold-the-Price Maturities”), if any, the first prices at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Bonds having the same credit and payment terms (“Maturity”) was sold on the sale date to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are their respective initial offering prices (the “Initial Offering Prices”), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this certificate as Schedule A.

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

(c) As set forth in the Notice of Sale, the Bond 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 such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Bond Purchaser sells a Substantial Amount of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Bond Purchaser [has] [has not] purchased bond insurance for the Bonds. 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 Bonds. 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 Bonds, 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 Bonds 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 Bonds 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 Bonds to the Public) to participate in the initial sale of the Bonds 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 Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Bond 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 BOND PURCHASER], as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

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

**SCHEDULE A**

PRICING WIRE OR EQUIVALENT COMMUNICATION  
*(Attached)*

**NOTICE OF SALE  
AND  
BIDDING INSTRUCTIONS  
ON  
\$93,000,000\*  
CITY OF ROUND ROCK, TEXAS  
(A political subdivision of the State of Texas located in Williamson and Travis Counties)  
COMBINATION TAX AND LIMITED REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026**

**Bids Due Thursday, April 23, 2026 at 9:30 AM, CDT**

**THE SALE**

**CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING** . . . The City of Round Rock, Texas (the “City”), is offering for sale its \$93,000,000\* Combination Tax and Limited 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., assumes 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, telephone or facsimile 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 Round Rock, 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, CDT on April 23, 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, CDT on the date of the bid opening.

Fax bids must be received between 9:00 AM and 9:30 AM, CDT, 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 AMORTIZATION.” 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 10:00 AM CDT 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 considered in Council Chambers of City Hall at 221 East Main Street, Round Rock, Texas 78664, at a meeting that convenes at 6:00 PM, CDT on Thursday, April 23, 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 6:00 PM, CDT, 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, which will be an amended form of 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, CDT on Wednesday, April 22, 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 May 19, 2026 (the “Dated Date”). Interest will accrue from the date of initial delivery of the Certificates 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
2027	\$ 915,000	2040	\$ 3,720,000
2028	2,070,000	2041	3,905,000
2029	2,175,000	2042	4,095,000
2030	2,280,000	2043	4,300,000
2031	2,400,000	2044	4,515,000
2032	2,510,000	2045	4,745,000
2033	2,640,000	2046	4,980,000
2034	2,775,000	2047	5,225,000
2035	2,915,000	2048	5,490,000
2036	3,055,000	2049	5,765,000
2037	3,210,000	2050	6,055,000
2038	3,370,000	2051	6,355,000
2039	3,535,000		

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

**REDEMPTION** . . . The City reserves the right, at its option, to redeem Certificates having stated maturities 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.

**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 OBLIGATIONS – BOOK-ENTRY-ONLY SYSTEM” in the Official Statement.

**PAYING AGENT/REGISTRAR** . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, National Association, Houston, Texas (see “THE OBLIGATIONS – PAYING AGENT/REGISTRAR” in the Official Statement).

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

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 5.25%. For Certificates having stated maturities on and after August 15, 2036, no reoffering yield producing a dollar price less than 97.5% for any individual maturity 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. All Certificates of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

**POST BID MODIFICATION OF PRINCIPAL AMORTIZATION** . . . 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 submitting a bid, 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 “Certificate Purchaser”) making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City based on the maturity schedule in the Official Bid Form. 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, if any. 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 Certificate 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”) (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to 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 5 business days before the Closing Date if the Competitive Sale Requirement is satisfied or within 5 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 to the Underwriter,
- (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 Underwriter 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 Underwriter 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 Round Rock, Texas*) and box 3 is the identification number assigned to this contract by the City (*Round Rock CO 2026*) and description of the goods or services (*Purchase of the City of Round Rock Combination Tax and Limited 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, in physical form, 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](mailto:garry@spfmuni.com) and bond counsel at [rdonoghue@mphlegal.com](mailto:rdonoghue@mphlegal.com), as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.** Upon receipt of the final written award, the winning bidder must submit the TEC Form 1295 with original signatures by email to Bond Counsel as follows: [rdonoghue@mphlegal.com](mailto:rdonoghue@mphlegal.com).

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 oath and 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](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. Such representations and covenants shall also be applicable to each syndicate member listed on the Official Bid Form. Liability for breach of any such verification through the delivery date of the Certificates shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Notice of Sale or the Official Bid Form, notwithstanding anything herein or in the Official Bid Form 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 through the delivery date of the Certificates. 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 through the delivery date of the Certificates. 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 through the delivery date of the Certificates. 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 and each syndicate member listed on the Official Bid Form 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. The bidder agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless the 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 Certificate Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications (defined below), 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 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 Certificate Purchaser and any 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, accept and retain 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 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 Certificate Purchaser shall be solely responsible for the payment of the purchase price of the Certificates. The Certificate 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** . . . The winning bidder will be required to provide a deposit in the amount of \$1,860,000 to the City as bid security by 5:00 p.m. CDT on April 23, 2026. The bid security may be provided to the City (i) via wire transfer (the City or its financial advisor, Specialized Public Finance Inc., will provide wire instructions to the winning bidder), or (ii) in the form of a certified or cashier’s check made payable to the order of City in the amount of the deposit set forth above. The wire option will be retained by the City and: (a) will be applied, without allowance for interest, against the purchase price when the Certificates are delivered to and paid for by such winning bidder or (b) will be retained by the City as liquidated damages if the winning bidder defaults with respect to the terms of its bid or (c) will be returned to the winning bidder if the Certificates are not issued by the City for any reason which does not constitute a default by the winning bidder. If the check option is utilized, the check will be (a) returned uncashed to the winning bidder when the Certificates are delivered to and paid for by such winning bidder, (b) cashed by the City as liquidated damages if the winning bidder defaults with respect to the terms of its bid or (c) returned uncashed to the winning bidder if the Certificates are not issued by the City for any reason which does not constitute a default by the winning bidder. The foregoing notwithstanding, if it is determined after the acceptance of the bid by the City that the Certificate Purchaser or any syndicate member listed on the Official Bid Form was found not to satisfy the requirements described under “Verifications of Statutory Representations and Covenants” and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then the check shall be cashed and accepted by the City or the wire will be retained by the City, as applicable, but neither shall be the sole or exclusive remedy available to 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 Certificate 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 Certificate 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 \$93,000,000\*, payable in stated installments to the Certificate Purchaser, signed by the Mayor and City Clerk, 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 Certificate 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 May 19, 2026, and it is understood and agreed that the Certificate Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CDT, on May 19, 2026, or thereafter on the date the Certificates are tendered for delivery, up to and including June 2, 2026. If for any reason the City is unable to make delivery on or before June 2, 2026, the City shall immediately contact the Certificate Purchaser and offer to allow the Certificate Purchaser to extend its offer for an additional thirty days. If the Certificate 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 Certificate 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 Certificate Purchaser to take up and pay for the Certificates is subject to the Certificate Purchaser’s receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., 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 Certificate Purchaser will be required to complete, execute, and deliver to the City (no later than the close of business on the business day following the award of the bid) 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 Certificate 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 Certificate 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.

**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 Certificate 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 governmental immunity, 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 Certificate 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 delivery of the Certificates to the Certificate Purchaser, the City will deliver to the Certificate 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 AMORTIZATION.” 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 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, 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 Certificate 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 Certificate 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 Certificate Purchaser, at the Certificate 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 is in the process of issuing \$100,000,000\* General Obligation Bonds, Series 2026, and \$5,300,000\* Limited Tax Notes, Series 2026 pursuant to separate offerings. The City does anticipate issuing approximately \$13,465,000\* General Obligation Refunding Bonds, Series 2026 within the next three months.

**RATINGS** . . . The Certificates and the outstanding tax supported debt of the City have been rated "AAA" by S&P Global Ratings ("S&P"). The outstanding tax supported debt of the City is also rated "Aa1" by Moody's Investors Service ("Moody's"). No application was made to Moody's for a rating on the Certificates.

**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 Certificate Purchaser, acting through a designated senior representative, in accordance with instructions received from the Certificate 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 Certificate Purchaser. The Certificate 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 certain specified events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Certificate Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Certificate Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

**COMPLIANCE WITH PRIOR UNDERTAKINGS** . . . In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for each of the last five years have consisted of the related City's Annual Comprehensive Financial Report ("ACFR"), which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFR but can be calculated from information in the ACFR.

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

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 Certificate Purchaser.

/s/ CRAIG MORGAN

Mayor  
City of Round Rock, Texas

ATTEST:

/s/ ANN FRANKLIN

City Clerk  
City of Round Rock, Texas

April 14, 2026

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**OFFICIAL BID FORM**

Honorable Mayor and City Council  
 City of Round Rock, Texas  
 221 East Main Street  
 Round Rock, Texas 78664

April 23, 2026

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated April 14, 2026, of \$93,000,000\* CITY OF ROUND ROCK, TEXAS COMBINATION TAX AND LIMITED REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026, both of which constitute a part hereof.

For your legally issued Certificates, in the aggregate principal amount of \$93,000,000\*, 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 15)	Principal Amount*	Interest Rate
2027	\$ 915,000	%	2040	\$ 3,720,000	%
2028	2,070,000	%	2041	3,905,000	%
2029	2,175,000	%	2042	4,095,000	%
2030	2,280,000	%	2043	4,300,000	%
2031	2,400,000	%	2044	4,515,000	%
2032	2,510,000	%	2045	4,745,000	%
2033	2,640,000	%	2046	4,980,000	%
2034	2,775,000	%	2047	5,225,000	%
2035	2,915,000	%	2048	5,490,000	%
2036	3,055,000	%	2049	5,765,000	%
2037	3,210,000	%	2050	6,055,000	%
2038	3,370,000	%	2051	6,355,000	%
2039	3,535,000	%			

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 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 Certificates 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 AMORTIZATION." Preliminary, subject to change.

A wire transfer or a cashiers or certified check to the City in the amount of \$1,860,000 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, The Bank of New York Mellon Trust Company, National Association, Houston, Texas, not later than 10:00 AM, CDT, on May 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 Issuer's Bond Counsel at rdonoghue@mphlegal.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.

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Official Bid Form. 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 through the delivery date of the Certificates shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Notice of Sale, notwithstanding anything in this Official Bid Form or the Notice of Sale to the contrary.

- (i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The Certificate 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 through the delivery date of the Certificates. 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 Certificate 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 Certificate 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 through the delivery date of the Certificates. 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 Certificate 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 through the delivery date of the Certificates. 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 Certificate Purchaser understands and agrees that if the Certificate 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 Certificate Purchaser or any syndicate member listed on this Official Bid Form was found not to satisfy the requirements described in the 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 or wire submitted herewith as the Certificate Purchaser's Good Faith Deposit shall be cashed, accepted and retained, as applicable, by the City. IF THE CITY RETAINS THE CERTIFICATE PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Certificate Purchaser understands and agrees that the liability of the Certificate 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 Notice of Sale. Additionally, the Certificate 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 Certificate 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 Certificate 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 Certificate Purchaser hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless the same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Certificate 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 Certificate 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 of financial companies boycotting energy companies or discriminating against firearm entities.

The Certificate Purchaser understands and agrees that to the extent the Certificate 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 Notice of Sale).

**NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THIS BID OF THE CERTIFICATE 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 Certificate 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 Financial Advisor by the close of the next business day after the award.**

Respectfully submitted,

\_\_\_\_\_  
Name of Certificate Purchaser or Manager

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by City of Round Rock, Texas, this the 23rd day of April, 2026.

ATTEST:

\_\_\_\_\_  
City Clerk  
City of Round Rock, Texas

\_\_\_\_\_  
Mayor  
City of Round Rock, Texas

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**ISSUE PRICE CERTIFICATE**

**(Sales where at least 3 bids are received from bidders)**

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Certificate Purchaser”), with respect to the purchase at competitive sale of the Combination Tax and Limited Revenue Certificates of Obligation, Series 2026 issued by the City of Round Rock, Texas (“Issuer”) in the principal amount of \$93,000,000\* (“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 Certificate Purchaser, the Certificate 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 Certificate Purchaser in formulating its bid to purchase the Certificates.

(b) The Certificate 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 Certificate Purchaser constituted a firm bid to purchase the Certificates.

(d) The Certificate 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 Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by McCall, Parkhurst & Horton L.L.P. 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 Certificate 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 CERTIFICATE PURCHASER], as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

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

**SCHEDULE A**

PRICING WIRE OR EQUIVALENT COMMUNICATION  
*(Attached)*

**ISSUE PRICE CERTIFICATE**

**(Form of Certificate if less than 3 bids are received from bidders)**

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Certificate Purchaser”), with respect to the purchase at competitive sale of the Combination Tax and Limited Revenue Certificates of Obligation, Series 2026 issued by the City of Round Rock, Texas (“Issuer”) in the principal amount of \$93,000,000\* (“Certificates”), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Certificates maturing in \_\_\_\_\_ (“Hold-the-Price Maturities”), if any, 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 on the sale date to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are their respective initial offering prices (the “Initial Offering Prices”), as listed in the pricing wire or equivalent communication for the Certificates that is attached to this certificate as Schedule A.

(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 Certificate Purchaser offered to the Public each Hold-the-Price Maturity at their respective Initial Offering Prices, as set forth in Schedule A hereto.

(c) As set forth in the Notice of Sale, the Certificate 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 such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Certificate Purchaser sells a Substantial Amount of a Maturity of the Certificates to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Certificate 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 Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by McCall, Parkhurst & Horton L.L.P. 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 Certificate 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 CERTIFICATE PURCHASER], as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

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

**SCHEDULE A**

PRICING WIRE OR EQUIVALENT COMMUNICATION  
*(Attached)*

**NOTICE OF SALE  
AND  
BIDDING INSTRUCTIONS  
ON  
\$5,300,000\*  
CITY OF ROUND ROCK, TEXAS  
(A political subdivision of the State of Texas located in Williamson and Travis Counties)  
LIMITED TAX NOTES, SERIES 2026**

**Bids Due Thursday, April 23, 2026 at 10:00 AM, CDT**

**THE SALE**

**NOTES OFFERED FOR SALE AT COMPETITIVE BIDDING** . . . The City of Round Rock, Texas (the “City”), is offering for sale its \$5,300,000\* Limited Tax Notes, Series 2026 (the “Notes”). 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., assumes 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, telephone or facsimile 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 Notes,” should be addressed to “Mayor and City Council, City of Round Rock, 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 10:00 AM, CDT on April 23, 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 Notes 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 9:30 AM and 10:00 AM, CDT on the date of the bid opening.

Fax bids must be received between 9:30 AM and 10:00 AM, CDT, 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.

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\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMORTIZATION.” 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 10:30 AM CDT 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 Notes will be considered in Council Chambers of City Hall at 221 East Main Street, Round Rock, Texas 78664, at a meeting that convenes at 6:00 PM, CDT on Thursday, April 23, 2026.

**AWARD OF THE NOTES** . . . The City Council will take action to award the Notes (or reject all bids) at a meeting scheduled to convene at 6:00 PM, CDT, on the date of the bid opening. Upon awarding the Notes, the City will also adopt the ordinance authorizing the Notes (the “Ordinance”) and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. Sale of the Notes 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, CDT on Wednesday, April 22, 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 NOTES

**DESCRIPTION** . . . The Notes will be dated May 19, 2026 (the “Dated Date”). Interest will accrue from the date of initial delivery of the Notes 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 Notes will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Notes will mature on August 15 in each year as follows:

### MATURITY SCHEDULE\*

Maturity (August 15)	Principal Amount
2027	\$ 730,000
2028	825,000
2029	870,000
2030	910,000
2031	960,000
2032	1,005,000

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

**REDEMPTION** . . . The Notes are **not** subject to redemption prior to their stated maturities.

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

**PAYING AGENT/REGISTRAR** . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, National Association, Houston, Texas (see “THE OBLIGATIONS – PAYING AGENT/REGISTRAR” in the Official Statement).

**SOURCE OF PAYMENT** . . . The Notes constitute direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Ordinance.

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

## CONDITIONS OF THE SALE

**TYPE OF BIDS AND INTEREST RATES** . . . The Notes 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 114% of their par value. Bidders are invited to name the rate(s) of interest to be borne by the Notes, 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 3% in rate. The maximum coupon rate shall not exceed 5.25%. 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. All Notes of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

**POST BID MODIFICATION OF PRINCIPAL AMORTIZATION** . . . After selecting the winning bid, the aggregate principal amount of the Notes 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 Notes by more than 15% from the amount set forth herein. The dollar amount bid for the Notes by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Notes 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 Notes 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 Notes 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 Notes and/or the maturity schedule for the Notes made by the City or its Financial Advisor shall be subsequent to the award of the Notes 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 submitting a bid, the sale of the Notes will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the “Note Purchaser”) making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City based on the maturity schedule in the Official Bid Form. 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 Notes on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Notes plus any premium bid, if any. 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 Note 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 NOTES** . . . 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 Notes (the “First Price Maturity”) have been sold to the Public on the Sale Date (the “10% Test”) (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the- offering-price of each maturity of the Notes 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 Notes 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 Notes’ “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 5 business days before the Closing Date if the Competitive Sale Requirement is satisfied or within 5 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 Notes 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 to the Underwriter,
- (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 Notes 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 Notes 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 Notes 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 Notes 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 Notes 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 Notes, 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 Notes 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 Notes of each maturity allocated to it until either all such Notes have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Notes of that maturity, (B) to promptly notify the winning bidder of any sales of Notes 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 Notes 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 Notes 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 Notes of each maturity allocated to it until either all such Notes 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 Notes of that maturity. Sales of any Notes 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 Notes, 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 Underwriter 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 Underwriter 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 Notes to a bidder unless the winning bidder either:

- (i) submits a Note 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 Notes 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 Round Rock, Texas*) and box 3 is the identification number assigned to this contract by the City (*Round Rock Notes 2026*) and description of the goods or services (*Purchase of the City of Round Rock Limited Tax Notes, 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, in physical form, 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](mailto:garry@spfmuni.com) and bond counsel at [rdonoghue@mphlegal.com](mailto:rdonoghue@mphlegal.com), as soon as possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the winning bidder must submit the TEC Form 1295 with original signatures by email to Bond Counsel as follows: [rdonoghue@mphlegal.com](mailto:rdonoghue@mphlegal.com).

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 oath and 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 Notes 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 Notes should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the 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](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm).

**VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS** . . . The City will not award the Notes 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. Such representations and covenants shall also be applicable to each syndicate member listed on the Official Bid Form. Liability for breach of any such verification through the delivery date of the Notes shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Notice of Sale or the Official Bid Form, notwithstanding anything herein or in the Official Bid Form 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 through the delivery date of the Notes. 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 through the delivery date of the Notes. 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 through the delivery date of the Notes. 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 and each syndicate member listed on the Official Bid Form 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. The bidder agrees that it will not rescind its standing letter at any time before the delivery of the Notes unless the 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 Notes. If requested by the City, the Note Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications (defined below), as of the delivery date of the Notes 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 Note Purchaser and any 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, accept and retain 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 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 Notes, the entity signing the bid form as Note Purchaser shall be solely responsible for the payment of the purchase price of the Notes. The Note 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** . . . The winning bidder will be required to provide a deposit in the amount of \$106,000 to the City as bid security by 5:00 p.m. CDT on April 23, 2026. The bid security may be provided to the City (i) via wire transfer (the City or its financial advisor, Specialized Public Finance Inc., will provide wire instructions to the winning bidder), or (ii) in the form of a certified or cashier’s check made payable to the order of City in the amount of the deposit set forth above. The wire option will be retained by the City and: (a) will be applied, without allowance for interest, against the purchase price when the Notes are delivered to and paid for by such winning bidder or (b) will be retained by the City as liquidated damages if the winning bidder defaults with respect to the terms of its bid or (c) will be returned to the winning bidder if the Notes are not issued by the City for any reason which does not constitute a default by the winning bidder. If the check option is utilized, the check will be (a) returned uncashed to the winning bidder when the Notes are delivered to and paid for by such winning bidder, (b) cashed by the City as liquidated damages if the winning bidder defaults with respect to the terms of its bid or (c) returned uncashed to the winning bidder if the Notes are not issued by the City for any reason which does not constitute a default by the winning bidder. The foregoing notwithstanding, if it is determined after the acceptance of the bid by the City that the Note Purchaser or any syndicate member listed on the Official Bid Form was found not to satisfy the requirements described under “Verifications of Statutory Representations and Covenants” and as a result the Texas Attorney General will not deliver its approving opinion of the Notes, then the check shall be cashed and accepted by the City or the wire will be retained by the City, as applicable, but neither shall be the sole or exclusive remedy available to the City.

*[The remainder of this page intentionally left blank.]*

## DELIVERY OF THE NOTES AND ACCOMPANYING DOCUMENTS

**CUSIP NUMBERS** . . . It is anticipated that CUSIP identification numbers will appear on the Notes, but neither the failure to print or type such number on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the Note Purchaser to accept delivery of and pay for the Notes 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 Note Purchaser at the time the Notes are awarded or as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Notes shall be paid by the City.

**DELIVERY OF NOTES** . . . Delivery will be accomplished by the issuance of one Initial Note (also called the “Note” or “Notes”), either in typed or printed form, in the aggregate principal amount of \$5,300,000\*, payable in stated installments to the Note Purchaser, signed by the Mayor and City Clerk, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Note, it shall be immediately cancelled and one definitive Note 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 Notes must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Note Purchaser will be given six business days’ notice of the time fixed for delivery of the Notes. It is anticipated that delivery of the Notes can be made on or about May 19, 2026, and it is understood and agreed that the Note Purchaser will accept delivery and make payment for the Notes by 10:00 AM, CDT, on May 19, 2026, or thereafter on the date the Note are tendered for delivery, up to and including June 2, 2026. If for any reason the City is unable to make delivery on or before June 2, 2026, the City shall immediately contact the Note Purchaser and offer to allow the Note Purchaser to extend its offer for an additional thirty days. If the Note 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 Note 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 Notes, provided such failure is due to circumstances beyond the City’s reasonable control.

**CONDITIONS TO DELIVERY** . . . The obligation of the Note Purchaser to take up and pay for the Notes is subject to the Note Purchaser’s receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., 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 Notes from the gross income of their owners, the Note Purchaser will be required to complete, execute, and deliver to the City (no later than the close of business on the business day following the award of the bid) 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 Notes 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 Notes as a result of the Note Purchaser’s inability to sell a substantial amount of the Notes 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 Note 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.

**LEGAL OPINION** . . . The Notes 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 Notes is subject to the receipt by the Note Purchaser of opinions of Bond Counsel, to the effect that the Notes are valid and binding obligations of the City (except as the enforceability may be limited by governmental immunity, 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 Notes 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 Notes and of the Note Purchaser to accept delivery of and pay for the Notes are subject to the condition that at the time of delivery of and receipt of payment for the Notes, 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 delivery of the Notes to the Note Purchaser, the City will deliver to the Note 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 Notes; restraining or enjoining the authorization, execution, or delivery of the Notes; affecting the provision made for the payment of or security for the Notes; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Notes; or affecting the validity of the Notes or the title of the present officials of the City.

\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMORTIZATION.” 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 Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. Specialized Public Finance Inc., in its capacity as 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 Notes, 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 Note Purchaser represents that the sale of the Notes in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Note Purchaser will register the Notes in accordance with the securities law of the states in which the Notes are offered or sold. The City agrees to cooperate with the Note Purchaser, at the Note Purchaser's written request and expense, in registering the Notes 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 Notes, but is merely notice of the sale of the Notes. The offer to sell the Notes 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 Notes.

**ISSUANCE OF ADDITIONAL DEBT** . . . The City is in the process of issuing \$100,000,000\* General Obligation Bonds, Series 2026 and \$93,000,000\* Combination Tax and Limited Revenue Certificates of Obligation, Series 2026, pursuant to separate offerings. The City does anticipate issuing approximately \$13,465,000\* General Obligation Refunding Bonds, Series 2026 within the next three months.

**RATINGS** . . . The Notes and the outstanding tax supported debt of the City have been rated "AAA" by S&P Global Ratings ("S&P"). The outstanding tax supported debt of the City is also rated "Aa1" by Moody's Investors Service ("Moody's"). No application was made to Moody's for a rating on the Notes.

**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 Notes. 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 Note Purchaser, acting through a designated senior representative, in accordance with instructions received from the Note 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 Notes. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Note Purchaser. The Note 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 certain specified events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Note Purchaser's obligation to accept and pay for the Notes is conditioned upon delivery to the Note Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

**COMPLIANCE WITH PRIOR UNDERTAKINGS** . . . In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for each of the last five years have consisted of the related City's Annual Comprehensive Financial Report ("ACFR"), which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFR but can be calculated from information in the ACFR.

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

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 Notes. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Notes, 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 Notes by the Note Purchaser.

/s/ CRAIG MORGAN

Mayor  
City of Round Rock, Texas

ATTEST:

/s/ ANN FRANKLIN

City Clerk  
City of Round Rock, Texas

April 14, 2026

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OFFICIAL BID FORM

Honorable Mayor and City Council
City of Round Rock, Texas
221 East Main Street
Round Rock, Texas 78664

April 23, 2026

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated April 14, 2026, of \$5,300,000\* CITY OF ROUND ROCK, TEXAS LIMITED TAX NOTES, SERIES 2026, both of which constitute a part hereof.

For your legally issued Notes, in the aggregate principal amount of \$5,300,000\*, we will pay you a price of \$ \_\_\_\_\_, representing approximately \_\_\_\_\_ % of the par value. Such Notes mature August 15, in each of the years and in the amounts and interest rates shown below:

Table with 3 columns: Maturity (August 15), Principal Amount\*, Interest Rate. Rows for years 2027 through 2032 with corresponding principal amounts and interest rates.

TRUE INTEREST COST \_\_\_\_\_ %

The Initial Note shall be registered in the name of \_\_\_\_\_, which will, upon payment for the Notes, be cancelled by the Paying Agent/Registrar. The Notes 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 \$106,000 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 Notes 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 Notes utilizing the book-entry-only system through DTC and make payment for the Initial Note in immediately available funds in the Corporate Trust Division, The Bank of New York Mellon Trust Company, National Association, Houston, Texas, not later than 10:00 AM, CDT, on May 19, 2026, or thereafter on the date the Notes 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 Notes 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 Issuer's Bond Counsel at rdonoghue@mphlegal.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.

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Official Bid Form. 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 through the delivery date of the Notes shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Notice of Sale, notwithstanding anything in this Official Bid Form or the Notice of Sale to the contrary.

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

- (i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The Note 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 through the delivery date of the Notes. 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 Note 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 Note 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 through the delivery date of the Notes. 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 Note 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 through the delivery date of the Notes. 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 Note Purchaser understands and agrees that if the Note Purchaser should fail or refuse to take up and pay for the Notes in accordance with this bid, or it is determined that after the acceptance of this bid by the City that the Note Purchaser or any syndicate member listed on this Official Bid Form was found not to satisfy the requirements described in the 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 Notes, then the check or wire submitted herewith as the Note Purchaser’s Good Faith Deposit shall be cashed, accepted and retained, as applicable, by the City. IF THE CITY RETAINS THE NOTE PURCHASER’S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Note Purchaser understands and agrees that the liability of the Note 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 Notice of Sale. Additionally, the Note 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 Note 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 Note 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 Note Purchaser hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Notes unless the same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Note Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the delivery date of the Notes 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 Note 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 of financial companies boycotting energy companies or discriminating against firearm entities.

The Note Purchaser understands and agrees that to the extent the Note 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 Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THIS BID OF THE NOTE PURCHASER TO PURCHASE THE NOTES 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 Notes, a certificate relating to the "issue price" of the Notes 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 Note 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 Financial Advisor by the close of the next business day after the award.**

Respectfully submitted,

\_\_\_\_\_  
Name of Note Purchaser or Manager

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by City of Round Rock, Texas, this the 23rd day of April, 2026.

ATTEST:

\_\_\_\_\_  
City Clerk  
City of Round Rock, Texas

\_\_\_\_\_  
Mayor  
City of Round Rock, Texas

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**ISSUE PRICE CERTIFICATE**

**(Sales where at least 3 bids are received from bidders)**

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Note Purchaser”), with respect to the purchase at competitive sale of the Limited Tax Notes, Series 2026 issued by the City of Round Rock, Texas (“Issuer”) in the principal amount of \$5,300,000\* (“Notes”), 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 Notes by the Note Purchaser, the Note Purchaser’s reasonably expected initial offering prices of each maturity of the Notes 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 Notes, as attached to this certificate as Schedule A. The Expected Offering Prices are the prices for the Notes used by the Note Purchaser in formulating its bid to purchase the Notes.

(b) The Note Purchaser had an equal opportunity to bid to purchase the Notes 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 Note Purchaser constituted a firm bid to purchase the Notes.

(d) The Note Purchaser [has] [has not] purchased bond insurance for the Notes. 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 Notes. 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 Notes, 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 Notes 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 Notes 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 Notes to the Public) to participate in the initial sale of the Notes 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 Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Notes 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 Notes. Notwithstanding anything set forth herein, the Note 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 NOTE PURCHASER], as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

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

**SCHEDULE A**

PRICING WIRE OR EQUIVALENT COMMUNICATION  
*(Attached)*

**ISSUE PRICE CERTIFICATE**

**(Form of Certificate if less than 3 bids are received from bidders)**

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Note Purchaser”), with respect to the purchase at competitive sale of the Limited Tax Notes, Series 2026 issued by the City of Round Rock, Texas (“Issuer”) in the principal amount of \$5,300,000\* (“Notes”), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Notes maturing in \_\_\_\_\_ (“Hold-the-Price Maturities”), if any, the first prices at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Notes having the same credit and payment terms (“Maturity”) was sold on the sale date to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are their respective initial offering prices (the “Initial Offering Prices”), as listed in the pricing wire or equivalent communication for the Notes that is attached to this certificate as Schedule A.

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

(c) As set forth in the Notice of Sale, the Note 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 such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Note Purchaser sells a Substantial Amount of a Maturity of the Notes to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Note Purchaser [has] [has not] purchased bond insurance for the Notes. 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 Notes. 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 Notes, 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 Notes 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 Notes 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 Notes to the Public) to participate in the initial sale of the Notes 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 Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Notes 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 Notes. Notwithstanding anything set forth herein, the Note 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 NOTE PURCHASER], as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMORTIZATION.” 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 April 14, 2026**

**Rating:  
S&P: "AAA"  
(See "OTHER INFORMATION -  
RATING" herein)**

**NEW ISSUE – Book-Entry-Only**

In the opinion of Bond Counsel, interest on the Bonds (defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.



**\$100,000,000\***  
**CITY OF ROUND ROCK, TEXAS**  
*(A political subdivision of the State of Texas located in Williamson and Travis Counties)*  
**GENERAL OBLIGATION BONDS, SERIES 2026**

**Dated Date: May 19, 2026**

**Due: August 15, as shown on page 2**

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

**PAYMENT TERMS . . .** Interest on the \$100,000,000\* City of Round Rock, Texas General Obligation Bonds, Series 2026 (the "Bonds") will accrue from the Date of Initial Delivery, defined below, 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 Bonds 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 Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds 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 Bonds (see "THE OBLIGATIONS – BOOK-ENTRY-ONLY SYSTEM"). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Houston, Texas (see "THE OBLIGATIONS – PAYING AGENT/REGISTRAR").

**AUTHORITY FOR ISSUANCE . . .** The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Chapters 1251 and 1331, Texas Government Code, as amended, an election held within the City on May 6, 2023, and an ordinance (the "Bond Ordinance") to be adopted by the City Council of the City of Round Rock, Texas (the "City"). The Bonds are 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 within the City as provided in the Bond Ordinance (see "THE OBLIGATIONS – AUTHORITY FOR ISSUANCE" and "THE OBLIGATIONS – SECURITY AND SOURCE OF PAYMENT").

**PURPOSE . . .** Proceeds from the sale of the Bonds will be used for (1) constructing, improving, extending, expanding, upgrading and/or developing City parks, recreation and sports projects and facilities, comprised of: a new recreation center building that also includes parks and recreation administration offices, an outdoor track, multi-purpose athletic fields, tennis complex relocation, Lakeview Pavilion improvements, Rock'N River Water Park expansion, Clay Madsen Recreation Center remodel, Sports Center expansion, Lawn at Brushy Creek park development, citywide trail expansion, Play For All Park improvements, and systemwide park improvements, as further set forth in Proposition A approved at the May 6, 2023 election; (2) constructing, improving, extending, expanding, upgrading and/or developing City public safety projects and facilities, comprised of: improving the City's Public Safety Training Center, relocation of the Central Fire Station and two new fire stations, as further set forth in Proposition B approved at the May 6, 2023 election; and (3) paying the costs of issuing the Bonds.

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**CUSIP PREFIX: 779223**  
**MATURITY SCHEDULE**  
**See Page 2 Hereof**

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**REDEMPTION . . .** The City reserves the right, at its option, to redeem Bonds having stated maturities 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 OBLIGATIONS – REDEMPTION"). Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Bond Purchaser elects to aggregate two or more consecutive maturities as term Bonds.

**LEGALITY . . .** The Bonds are offered for delivery when, as and if issued and received by the initial purchaser thereof (the "Bond Purchaser") and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas (see "APPENDIX C – FORMS OF BOND COUNSEL'S OPINIONS").

**DELIVERY . . .** Delivery of the Bonds is expected through the facilities of DTC on May 19, 2026 (the "Date of Initial Delivery").

**BIDS DUE ON THURSDAY, APRIL 23, 2026, BY 9:00 AM, CDT**

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

**MATURITY SCHEDULE\***

Maturity (August 15)	Amount	Interest Rate	Initial Yield	CUSIP Numbers <sup>(1)</sup>
2027	\$ 980,000			
2028	2,225,000			
2029	2,335,000			
2030	2,455,000			
2031	2,575,000			
2032	2,705,000			
2033	2,840,000			
2034	2,980,000			
2035	3,130,000			
2036	3,290,000			
2037	3,450,000			
2038	3,625,000			
2039	3,805,000			
2040	3,995,000			
2041	4,195,000			
2042	4,405,000			
2043	4,625,000			
2044	4,855,000			
2045	5,100,000			
2046	5,355,000			
2047	5,625,000			
2048	5,905,000			
2049	6,200,000			
2050	6,510,000			
2051	6,835,000			

**(Interest accrues from the Date of Initial Delivery)**

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

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**SEPARATE ISSUES . . .** The Bonds and the \$93,000,000\* “City of Round Rock, Texas, Combination Tax and Limited Revenue Certificates of Obligation, Series 2026” (the “Certificates”), and the \$5,300,000\* “City of Round Rock, Texas, Limited Tax Notes, Series 2026” (the “Notes”) are being offered by the City concurrently under a common Official Statement, and the Bonds and such Certificates and Notes are hereinafter sometimes referred to collectively as the “Obligations.” The Bonds, Certificates and Notes are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

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 April 14, 2026

Rating:  
S&P: “AAA”  
(See “OTHER INFORMATION – RATING” herein)

**NEW ISSUE – Book-Entry-Only**

In the opinion of Bond Counsel, interest on the Certificates (defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.



\$93,000,000\*

CITY OF ROUND ROCK, TEXAS

(A political subdivision of the State of Texas located in Williamson and Travis Counties)

COMBINATION TAX AND LIMITED REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: May 19, 2026

Due: August 15, as shown on page 4

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

**PAYMENT TERMS** . . . Interest on the \$93,000,000\* City of Round Rock, Texas Combination Tax and Limited Revenue Certificates of Obligation, Series 2026 (the “Certificates”) will accrue from the Date of Initial Delivery, defined below, 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 OBLIGATIONS – BOOK-ENTRY-ONLY SYSTEM”). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Houston, Texas (see “THE OBLIGATIONS – 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, and Chapter 1502, Texas Government Code, as amended, and an ordinance (the “Certificate Ordinance”) to be adopted by the City Council of the City of Round Rock, Texas (the “City”). The Certificates constitute direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and a limited pledge of the surplus net revenues of the City’s waterworks, sewer and drainage system (not to exceed \$1,000) as provided in the Certificate Ordinance (see “THE OBLIGATIONS – AUTHORITY FOR ISSUANCE” and “THE OBLIGATIONS – SECURITY AND SOURCE OF PAYMENT”).

**PURPOSE** . . . Proceeds from the sale of the Certificates will be used for paying contractual obligations incurred or to be incurred by the City for (1) constructing, expanding and equipping a City public works complex comprised of office and administrative facilities for City transportation employees and equipment and for maintenance of City police, fire, utility and transportation vehicles; (2) constructing, improving, extending, expanding, upgrading and/or developing streets, roads, bridges, sidewalks, intersections, traffic signalization and other transportation improvement projects including related waterworks, sewer and drainage improvements, signage, landscaping, irrigation, purchasing any necessary rights-of-way and other related transportation costs, including, but not limited to Arterial Bottleneck, Traffic Signals and Sidewalk Improvements, Chisholm Trail North and South, County Road 112, County Road 118, Deep Wood Drive, Eagles Nest, Gattis School Road Segments 2, 4, 5, and 6, Greenlawn Boulevard, Harrell Parkway, Kenney Fort Boulevard Segments 5 & 6, NE Downtown Phase 2, North Mays Gap/Widening, Major Arterial Maintenance, Old Settlers Boulevard, Red Bud North and South, Sam Bass & Hairy Man Road Intersection Improvements, US 79, and Wyoming Springs; (3) constructing, improving, renovating, expanding and equipping Fire Station No. 11; (4) constructing, improving, renovating, expanding and equipping the City’s Public Safety Training Center and driving track; (5) constructing, improving, renovating, expanding and/or equipping City parks and park facilities and related costs and acquisition of any necessary right of way or land therefor, including for Old Settlers Recreation Center (Athletic Performance Center) and Yonders Point Restroom; and (6) paying related professional services including for construction managers, engineers, architects, attorneys, auditors, financial advisors, fiscal agents and costs related to issuing the Certificates.

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CUSIP PREFIX: 779223

MATURITY SCHEDULE

See Page 4 Hereof

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**REDEMPTION** . . . The City reserves the right, at its option, to redeem Certificates having stated maturities 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 OBLIGATIONS – REDEMPTION”). Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Certificate Purchaser elects to aggregate two or more consecutive maturities as term Certificates.

**LEGALITY** . . . The Certificates are offered for delivery when, as and if issued and received by the purchaser thereof (the “Certificate Purchaser”) and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas (see “APPENDIX C – FORMS OF BOND COUNSEL’S OPINIONS”).

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

**BIDS DUE ON THURSDAY, APRIL 23, 2026, BY 9:30 AM, CDT**

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

**MATURITY SCHEDULE\***

Maturity (August 15)	Amount	Interest Rate	Initial Yield	CUSIP Numbers <sup>(1)</sup>
2027	\$ 915,000			
2028	2,070,000			
2029	2,175,000			
2030	2,280,000			
2031	2,400,000			
2032	2,510,000			
2033	2,640,000			
2034	2,775,000			
2035	2,915,000			
2036	3,055,000			
2037	3,210,000			
2038	3,370,000			
2039	3,535,000			
2040	3,720,000			
2041	3,905,000			
2042	4,095,000			
2043	4,300,000			
2044	4,515,000			
2045	4,745,000			
2046	4,980,000			
2047	5,225,000			
2048	5,490,000			
2049	5,765,000			
2050	6,055,000			
2051	6,355,000			

**(Interest accrues from the Date of Initial Delivery)**

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

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**SEPARATE ISSUES . . .** The Certificates and the \$100,000,000\* “City of Round Rock, Texas, General Obligation Bonds, Series 2026” (the “Bonds”), and the \$5,300,000\* “City of Round Rock, Texas, Limited Tax Notes, Series 2026” (the “Notes”) are being offered by the City concurrently under a common Official Statement, and such Certificates, Bonds and Notes are hereinafter sometimes referred to collectively as the “Obligations.” The Certificates, Bonds and Notes are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

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 April 14, 2026**

**Rating:  
S&P: “AAA”  
(See “OTHER INFORMATION -  
RATING” herein)**

**NEW ISSUE – Book-Entry-Only**

In the opinion of Bond Counsel, interest on the Notes will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.



**\$5,300,000\***  
**CITY OF ROUND ROCK, TEXAS**  
*(A political subdivision of the State of Texas located in Williamson and Travis Counties)*  
**LIMITED TAX NOTES, SERIES 2026**

**Dated Date: May 19, 2026**

**Due: August 15, as shown on page 6**

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

**PAYMENT TERMS . . .** Interest on the \$5,300,000\* City of Round Rock, Texas Limited Tax Notes, Series 2026 (the “Notes”) will accrue from the Date of Initial Delivery, defined below, 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 Notes 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 Notes may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Notes will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Notes 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 Notes (see “THE OBLIGATIONS – BOOK-ENTRY-ONLY SYSTEM”). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Houston, Texas (see “THE OBLIGATIONS – PAYING AGENT/REGISTRAR”).

**AUTHORITY FOR ISSUANCE . . .** The Notes are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Chapter 1431, Texas Government Code, as amended, and an ordinance (the “Note Ordinance”) to be adopted by the City Council of the City of Round Rock, Texas (the “City”). The Notes constitute direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law as provided in the Note Ordinance (see “THE OBLIGATIONS – AUTHORITY FOR ISSUANCE” and “THE OBLIGATIONS – SECURITY AND SOURCE OF PAYMENT”).

**PURPOSE . . .** Proceeds from the sale of the Notes will be used for (1) purchasing City vehicles for the City’s police, fire, parks, transportation, and building construction and facility maintenance departments and replacement vehicles for other City departments as needed; and (2) paying the costs of issuing the Notes.

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**CUSIP PREFIX: 779223**  
**MATURITY SCHEDULE**  
**See Page 6 Hereof**

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**REDEMPTION . . .** The Notes are **not** subject to redemption prior to their stated maturities.

**LEGALITY . . .** The Notes are offered for delivery when, as and if issued and received by the purchaser thereof (the “Note Purchaser”) and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas (see “APPENDIX C – FORMS OF BOND COUNSEL’S OPINIONS”).

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

**BIDS DUE ON THURSDAY, APRIL 23, 2026, BY 10:00 AM, CDT**

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

**MATURITY SCHEDULE\***

Maturity (August 15)	Amount	Interest Rate	Initial Yield	CUSIP Numbers <sup>(1)</sup>
2027	\$ 730,000			
2028	825,000			
2029	870,000			
2030	910,000			
2031	960,000			
2032	1,005,000			

**(Interest accrues from the Date of Initial Delivery)**

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

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**SEPARATE ISSUES . . .** The Notes and the \$100,000,000\* “City of Round Rock, Texas, General Obligation Bonds, Series 2026” (the “Bonds”) and \$93,000,000\* “City of Round Rock, Texas, Combination Tax and Limited Revenue Certificates of Obligation, Series 2026” (the “Certificates”) are being offered by the City concurrently under a common Official Statement, and such Certificates, Bonds and Notes are hereinafter sometimes referred to collectively as the “Obligations.” The Certificates, Bonds and Notes are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

*[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 Purchasers 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 Obligations 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. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the City's undertakings to provide certain information on a continuing basis. 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.

The Purchasers have provided the following sentence for inclusion in this Official Statement. The Purchasers have reviewed the information in this Official Statement pursuant to its responsibility to investors under the federal securities laws, but the Purchasers do not guarantee the accuracy or completeness of such information.

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

THE OBLIGATIONS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE OBLIGATIONS 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 OBLIGATIONS MAY BE CHANGED FROM TIME TO TIME BY THE PURCHASERS AFTER THE OBLIGATIONS ARE RELEASED FOR SALE, AND THE OBLIGATIONS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE OBLIGATIONS INTO INVESTMENT ACCOUNTS.

NEITHER OF THE CITY, ITS FINANCIAL ADVISOR, OR THE PURCHASERS 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.

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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 Obligations 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 OBLIGATIONS**

**THE OBLIGATIONS.....** The Bonds are issued as \$100,000,000\* General Obligation Bonds, Series 2026 (the “Bonds”). The Bonds are issued as serial Bonds maturing on August 15 in the years 2027 through and including 2051, unless the Bond Purchaser aggregates two or more consecutive maturities as Term Bonds.

The Certificates are issued as \$93,000,000\* Combination Tax and Limited Revenue Certificates of Obligation, Series 2026 (the “Certificates”). The Certificates are issued as serial Certificates maturing on August 15 in the years 2027 through and including 2051, unless the Certificate Purchaser aggregates two or more consecutive maturities as Term Certificates.

The Notes are issued as \$5,300,000\* Limited Tax Notes, Series 2026 (the “Notes”). The Notes are issued as serial Notes maturing on August 15 in the years 2027 through and including 2032.

The Bonds, Certificates and Notes are referred to herein as the “Obligations.”

The Bond Purchaser, the Certificate Purchaser, and the Note Purchaser are referred to herein as the “Purchasers.”

**PAYMENT OF INTEREST .....** Interest on the Obligations 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 OBLIGATIONS – DESCRIPTION OF THE OBLIGATIONS” and “THE OBLIGATIONS – REDEMPTION”).

**AUTHORITY FOR ISSUANCE .....** The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Chapters 1251 and 1331, Texas Government Code, as amended, an election held within the City on May 6, 2023, and an ordinance (the “Bond Ordinance”) to be adopted by the City Council of the City of Round Rock, Texas (the “City”).

The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1502, Texas Government Code, as amended, and an ordinance (the “Certificate Ordinance”) to be adopted by the City Council of the City.

The Notes are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1431, Texas Government Code, as amended, and an ordinance (the “Note Ordinance,” and together with the Bond Ordinance and the Certificate Ordinance, the “Ordinances”) to be adopted by the City Council of the City (see “THE OBLIGATIONS – AUTHORITY FOR ISSUANCE”).

**SECURITY.....** The Bonds, Certificates and Notes are 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 within the City as provided in the respective Ordinance.

The Certificates are additionally secured by a limited pledge of the surplus net revenues of the City’s waterworks, sewer and drainage system (not to exceed \$1,000) as provided in the Certificate Ordinance (see “THE OBLIGATIONS – SECURITY AND SOURCE OF PAYMENT”).

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

**REDEMPTION** ..... The City reserves the right, at its option, to redeem Bonds and Certificates having stated maturities 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 OBLIGATIONS – REDEMPTION”). Additionally, the Bonds and Certificates may be subject to mandatory sinking fund redemption in the event the applicable Purchaser elects to aggregate two or more consecutive maturities as term Bonds or term Certificates. **The Notes are not subject to redemption prior to their stated maturities.**

**TAX EXEMPTION**..... In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.

**USE OF PROCEEDS** ..... Proceeds from the sale of the Bonds will be used for (1) constructing, improving, extending, expanding, upgrading and/or developing City parks, recreation and sports projects and facilities, comprised of: a new recreation center building that also includes parks and recreation administration offices, an outdoor track, multi-purpose athletic fields, tennis complex relocation, Lakeview Pavilion improvements, Rock’N River Water Park expansion, Clay Madsen Recreation Center remodel, Sports Center expansion, Lawn at Brushy Creek park development, citywide trail expansion, Play For All Park improvements, and systemwide park improvements, as further set forth in Proposition A approved at the May 6, 2023 election; (2) constructing, improving, extending, expanding, upgrading and/or developing City public safety projects and facilities, comprised of: improving the City’s Public Safety Training Center, relocation of the Central Fire Station and two new fire stations, as further set forth in Proposition B approved at the May 6, 2023 election; and (3) paying the costs of issuing the Bonds.

Proceeds from the sale of the Certificates will be used for paying contractual obligations incurred or to be incurred by the City for (1) constructing, expanding and equipping a City public works complex comprised of office and administrative facilities for City transportation employees and equipment and for maintenance of City police, fire, utility and transportation vehicles; (2) constructing, improving, extending, expanding, upgrading and/or developing streets, roads, bridges, sidewalks, intersections, traffic signalization and other transportation improvement projects including related waterworks, sewer and drainage improvements, signage, landscaping, irrigation, purchasing any necessary rights-of-way and other related transportation costs, including, but not limited to Arterial Bottleneck, Traffic Signals and Sidewalk Improvements, Chisholm Trail North and South, County Road 112, County Road 118, Deep Wood Drive, Eagles Nest, Gattis School Road Segments 2, 4, 5, and 6, Greenlawn Boulevard, Harrell Parkway, Kenney Fort Boulevard Segments 5 & 6, NE Downtown Phase 2, North Mays Gap/Widening, Major Arterial Maintenance, Old Settlers Boulevard, Red Bud North and South, Sam Bass & Hairy Man Road Intersection Improvements, US 79, and Wyoming Springs; (3) constructing, improving, renovating, expanding and equipping Fire Station No. 11; (4) constructing, improving, renovating, expanding and equipping the City’s Public Safety Training Center and driving track; (5) constructing, improving, renovating, expanding and/or equipping City parks and park facilities and related costs and acquisition of any necessary right of way or land therefor, including for Old Settlers Recreation Center (Athletic Performance Center) and Yonders Point Restroom; and (6) paying related professional services including for construction managers, engineers, architects, attorneys, auditors, financial advisors, fiscal agents and costs related to issuing the Certificates.

Proceeds from the sale of the Notes will be used for (1) purchasing City vehicles for the City’s police, fire, parks, transportation, and building construction and facility maintenance departments and replacement vehicles for other City departments as needed; and (2) paying the costs of issuing the Notes.

**GENERAL**

**THE CITY**..... The City is a political subdivision located in Williamson and Travis Counties operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters in August 1977, as subsequently amended (the “Home Rule Charter”). The City operates under the City Council/Manager form of government where the Mayor and six City

Councilmembers are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer.

The City is located 15 miles north of Austin and 85 miles south of Waco on Interstate Highway 35. The City is also situated on U.S. Highway 79, which runs east and west. Both U.S. Highway 79 and I-35 are main traffic arteries within Texas (see “INTRODUCTION – DESCRIPTION OF THE CITY”).

**RATING** ..... The Obligations and the outstanding tax supported debt of the City have been rated “AAA” by S&P Global Ratings (“S&P”). The outstanding tax supported debt of the City is also rated “Aa1” by Moody’s Investors Service (“Moody’s”). No application was made to Moody’s for a rating on the Obligations (see “OTHER INFORMATION – RATING”).

**BOOK-ENTRY-ONLY SYSTEM**..... The definitive Obligations 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 Obligations may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations 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 Obligations (see “THE OBLIGATIONS – BOOK-ENTRY-ONLY SYSTEM”).

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

**SELECTED FINANCIAL INFORMATION**

Fiscal Year Ended	Estimated City Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Per Capita Taxable Assessed Valuation	Tax Supported Debt Outstanding At End of Fiscal Year <sup>(3)</sup>	Per Capita Funded Tax Debt	Ratio of Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2022	124,614	\$ 17,670,723,796	\$ 141,804	\$ 289,825,000	\$ 2,326	1.64%	99.67%
2023	128,957	21,693,026,463	168,219	298,020,000	2,311	1.37%	99.46%
2024	134,450	24,052,055,665	178,892	300,345,000	2,234	1.25%	98.74%
2025	136,383	25,155,755,035	184,449	394,445,000	2,892	1.57%	99.68%
2026	145,208	25,821,994,535	177,828	572,110,000 <sup>(4)</sup>	3,940 <sup>(4)</sup>	2.22% <sup>(4)</sup>	84.26% <sup>(5)</sup>

- (1) Source: City of Round Rock.
- (2) As reported by the Williamson and Travis Central Appraisal Districts, subject to change during the ensuing year.
- (3) Excludes debt considered self-supporting. See “Table 1 – VALUATIONS, EXEMPTIONS AND AD VALOREM TAX DEBT.”
- (4) Projected; includes the Obligations. Preliminary, subject to change.
- (5) Partial collections as of January 31, 2026.

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**CITY OFFICIALS, STAFF AND CONSULTANTS**

Policy making and supervisory functions are the responsibility of and are vested in a seven-member City Council (“Council”). The Council serves three-year staggered terms with elections being held in May of each year. The City’s Home Rule Charter delegates administrative responsibilities to the City Manager. Various support services are provided by independent consultants and advisors.

**ELECTED OFFICIALS**

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Craig Morgan Mayor	14 Years, 11 Months	May 2026	Attorney, McCreary, Veselka, Bragg & Allen, P.C.
Kristin Stevens Mayor Pro-Tem	4 Years, 11 Months	May 2027	Pediatric Speech Language Pathologist
Michelle Ly Council Member	5 Years, 11 Months	May 2026	Businessowner
Rene Flores Council Member	9 Years, 11 Months	May 2028	Commercial Lender, Amplify Credit Union
Melissa Fleming Council Member	1 Year, 1 Month	May 2027	Wealth Advisor, IronBridge Private Wealth
Frank Ortega Council Member	5 Years, 4 Months	May 2026	Real Estate Agent, Keller Williams Realty
Hilda Montgomery Council Member	8 Years, 11 Months	May 2028	Project Manager, Dell Computers

**SELECTED ADMINISTRATIVE STAFF**

<u>Name</u>	<u>Position</u>	<u>Length of Service With the City</u>
Brooks Bennett	City Manager	21 Years, 10 Months
Brad Wiseman	Assistant City Manager	18 Years, 7 Months
Kevin Klosterboer	Chief Financial Officer	1 Year
Ann Franklin	City Clerk	1 Year, 6 Months

**CONSULTANTS AND ADVISORS**

Auditors ..... Whitley Penn LLP  
Austin, Texas

Bond Counsel ..... McCall, Parkhurst & Horton L.L.P.  
Austin, Texas

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

For additional information regarding the City, please contact:

Kevin Klosterboer Chief Financial Officer City of Round Rock, Texas 221 East Main Street Round Rock, Texas 78664 512/218-5445	or	Garry Kimball Managing Director Specialized Public Finance Inc. 248 Addie Roy Road, Suite B-103 Austin, Texas 78746 512/275-7300
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**PRELIMINARY OFFICIAL STATEMENT  
RELATING TO**

**\$100,000,000\***  
**CITY OF ROUND ROCK, TEXAS**  
**GENERAL OBLIGATION BONDS, SERIES 2026**

**\$93,000,000\***  
**CITY OF ROUND ROCK, TEXAS**  
**COMBINATION TAX AND LIMITED REVENUE**  
**CERTIFICATES OF OBLIGATION, SERIES 2026**

**\$5,300,000\***  
**CITY OF ROUND ROCK, TEXAS**  
**LIMITED TAX NOTES, SERIES 2026**

**INTRODUCTION**

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$100,000,000\* City of Round Rock, Texas General Obligation Bonds, Series 2026 (the “Bonds”), \$93,000,000\* City of Round Rock, Texas Combination Tax and Limited Revenue Certificates of Obligation, Series 2026 (the “Certificates”) and the \$5,300,000\* City of Round Rock, Texas Limited Tax Notes, Series 2026 (the “Notes” and together with the Bonds and the Certificates, the “Obligations”). The Obligations are being issued pursuant to ordinances to be approved by the City Council on April 23, 2026 (the Bond Ordinance, the Certificate Ordinance, and the Note Ordinance, hereinafter, the “Ordinances”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinances, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Obligations 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 Obligations will be submitted to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” herein 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 located in Williamson and Travis Counties operating as a home-rule city under the laws of the State and a charter approved by the voters in 1977 as amended (the “Home Rule Charter”). The City operates under the City Council/Manager form of government where the Mayor and six City Councilmembers are elected at-large for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The estimated 2026 population is 145,208. The City covers approximately 26.3 square miles.

The City is located 15 miles north of Austin and 85 miles south of Waco on Interstate Highway 35. The City is also situated on U.S. Highway 79, which runs east and west. Both U.S. Highway 79 and I-35 are main traffic arteries within Texas. For more information regarding the City, see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY.”

**THE OBLIGATIONS**

**DESCRIPTION OF THE OBLIGATIONS . . .** The Obligations are dated May 19, 2026 and mature on August 15 in each of the years and in the amounts shown on pages 2, 4, and 6 hereof. Interest on the Obligations will accrue from the Date of Initial Delivery, 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 of each year, commencing February 15, 2027 until maturity or prior redemption. The definitive Obligations 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 Obligations will be made to the owners thereof.** Principal of, premium, if any, and interest on the Obligations 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 Obligations. See “Book-Entry-Only System” herein.

**AUTHORITY FOR ISSUANCE . . .** The Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapters 1251 and 1331, Texas Government Code, as amended, an election held within the City on May 6, 2023, and the Bond Ordinance.

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

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

The Notes are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1431, Texas Government Code, as amended, and the Note Ordinance.

**SECURITY AND SOURCE OF PAYMENT . . .** The Obligations constitute direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law as provided in the Ordinances. The Certificates are additionally secured by a limited pledge of the surplus net revenues of the City's waterworks, sewer and drainage system (not to exceed \$1,000) as provided in the Certificate Ordinance.

**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. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 taxable assessed valuation. 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.

**REDEMPTION . . .** The City reserves the right, at its option, to redeem the Bonds and Certificates having stated maturities 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 Bonds and Certificates of a series are to be redeemed, the City may select the maturities within such series to be redeemed. If less than all the Bonds and Certificates of any maturity and series are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds and Certificates of such series are in book-entry-only form) shall determine by lot the Bonds and Certificates or portions thereof, within such maturity and series to be redeemed. If a Bond or 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 Bond or 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.

**The Notes are not subject to redemption prior to their stated maturities.**

**NOTICE OF REDEMPTION . . .** Not less than 30 days prior to a redemption date for the Bonds and 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 Bond or 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 BONDS AND CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR CERTIFICATE 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 Bonds and Certificates will send any notice of redemption, notice of proposed amendment to the Ordinances or other notices with respect to the Obligations 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 Bonds and Certificates called for redemption or any other action premised or any such notice.

Redemption of portions of the Bonds and Certificates by the City will reduce the outstanding principal amount of such Bonds and Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bond or 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 Bond or Certificate from the beneficial owners. Any such selection of Bonds and Certificates to be redeemed will not be governed by the Bond or Certificate 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 Bonds and Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds and Certificates for redemption. See "BOOK-ENTRY-ONLY SYSTEM" herein.

With respect to any optional redemption of the Bonds and Certificates, unless certain prerequisites to such redemption required by the Bond or Certificate Ordinance have been met and money sufficient to pay the principal of an premium, if any, and interest on the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinances or other notices with respect to the Obligations 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 Bonds and Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds and Certificates by the City will reduce the outstanding principal amount of such Bonds and Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds and 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 Bonds and 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 Bonds and Certificates for redemption.

**DEFEASANCE** . . . *General.* The Ordinances provide for the defeasance of the Obligations and the termination of the pledge of taxes and revenues, as applicable, and all other general covenants in the Ordinances under certain circumstances. Any Obligation and the interest thereon shall be deemed to be paid, retired and no longer outstanding (“Defeased Obligation”) within the meaning of the Ordinances, 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 Obligations to be paid at maturity, when the payment of all principal and interest payable with respect to such Defeased Obligations 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 Obligations shall have become due and payable or (c) any combination of (a) and (b). At such time as an Obligation shall be deemed to be a Defeased Obligation, such Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and any revenues pledged as provided in the Ordinances, and such principal and interest shall be payable solely from such money or Defeasance Securities. Thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such Defeased Obligations, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of an Obligation when proper notice of redemption of such Obligations shall have been given, in accordance with the Ordinances. 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 Ordinances, 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 Obligations 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 Ordinances for the payment of principal of the Obligations and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Obligations 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 Obligations 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 Obligations 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 Ordinances.

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 Obligations and such Obligations shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Ordinances shall be made without the consent of the registered owner of each Obligation affected thereby.

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

*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 Obligations 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 Obligations 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 and (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 Obligations are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent. 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.

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 Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and credited by DTC while the Obligations 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 Obligations, 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 Obligations), 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 Obligations. The Obligations will be issued as fully-registered Obligations 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 maturity of the Obligations, 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 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](http://www.dtcc.com).

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 Obligations 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 Obligations 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 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Obligations 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 Obligations 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 and interest 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 Obligations 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, Obligation 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 Purchasers 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 Obligations 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 Obligations, 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 Ordinances 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 Purchasers.

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Houston, Texas. In the Ordinances, 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 Obligations 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 Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations 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 Obligations 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.

Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations 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 Obligations issued in an exchange or transfer of Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation 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 an Obligation.

**RECORD DATE FOR INTEREST PAYMENT.** . . The record date (“Record Date”) for the interest payable on the Obligations 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 Obligation 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.

**OBLIGATIONHOLDERS’ REMEDIES** . . . The Ordinances establish specific events of default with respect to the Obligations. If the City defaults in the payment of the principal of or interest on the Obligations 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 Ordinances, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinances provide 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 Obligations or the Ordinances 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 Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinances do not provide for the appointment of a trustee to represent the interest of the Obligationholders upon any failure of the City to perform in accordance with the terms of the Ordinances, 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 June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3rd 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, Obligationholders may not be able to bring such a suit against the City for breach of the Obligations or covenants in the Ordinances. 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.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a 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. In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to waive immunity when a city performs a proprietary function.

As noted above, the Ordinances provide that Obligationholders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinances. 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 Obligations. 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 Obligationholders 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 Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

**AMENDMENTS TO THE ORDINANCES . . .** In the Ordinances, the City has reserved the right to amend the Ordinances without the consent of any owners for the purpose of amending or supplementing such Ordinances 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 Ordinances that do not materially adversely affect the interests of the owners, (4) qualify the Ordinances 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 Ordinances 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 Ordinances further provide that the owners of the Obligations aggregating in principal amount 51% of the outstanding Obligations of each series shall have the right from time to time to approve any amendment not described above to the respective Ordinances 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 Obligations no amendment may be made of the purpose of: (1) making any change in the maturity of any of the outstanding Obligations; (2) reducing the rate of interest borne by any of the outstanding Obligations; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Obligations; (4) modifying the terms of payment of principal or of interest or redemption premium on outstanding Obligations, or imposing any condition with respect to such payment; or (5) changing the minimum percentage of principal amount of the Obligations necessary for consent to such amendment. Reference is made to the Ordinances for further provisions relating to the amendment thereof.

**PURPOSE . . .** Proceeds from the sale of the Bonds will be used for (1) constructing, improving, extending, expanding, upgrading and/or developing City parks, recreation and sports projects and facilities, comprised of: a new recreation center building that also includes parks and recreation administration offices, an outdoor track, multi-purpose athletic fields, tennis complex relocation, Lakeview Pavilion improvements, Rock’N River Water Park expansion, Clay Madsen Recreation Center remodel, Sports Center expansion, Lawn at Brushy Creek park development, citywide trail expansion, Play For All Park improvements, and systemwide park improvements, as further set forth in Proposition A approved at the May 6, 2023 election; (2) constructing, improving, extending, expanding, upgrading and/or developing City public safety projects and facilities, comprised of: improving the City’s Public Safety Training Center, relocation of the Central Fire Station and two new fire stations, as further set forth in Proposition B approved at the May 6, 2023 election; and (3) paying the costs of issuing the Bonds.

Proceeds from the sale of the Certificates will be used for paying contractual obligations incurred or to be incurred by the City for (1) constructing, expanding and equipping a City public works complex comprised of office and administrative facilities for City transportation employees and equipment and for maintenance of City police, fire, utility and transportation vehicles; (2) constructing, improving, extending, expanding, upgrading and/or developing streets, roads, bridges, sidewalks, intersections, traffic signalization and other transportation improvement projects including related waterworks, sewer and drainage improvements, signage, landscaping, irrigation, purchasing any necessary rights-of-way and other related transportation costs, including, but not limited to Arterial Bottleneck, Traffic Signals and Sidewalk Improvements, Chisholm Trail North and South, County Road 112, County Road 118, Deep Wood Drive, Eagles Nest, Gattis School Road Segments 2, 4, 5, and 6, Greenlawn Boulevard, Harrell Parkway, Kenney Fort Boulevard Segments 5 & 6, NE Downtown Phase 2, North Mays Gap/Widening, Major Arterial Maintenance, Old Settlers Boulevard, Red Bud North and South, Sam Bass & Hairy Man Road Intersection Improvements, US 79, and Wyoming Springs; (3) constructing, improving, renovating, expanding and equipping Fire Station No. 11; (4) constructing, improving, renovating, expanding and equipping the City’s Public Safety Training Center and driving track; (5) constructing, improving, renovating, expanding and/or equipping City parks and park facilities and related costs and acquisition of any necessary right of way or land therefor, including for Old Settlers Recreation Center (Athletic Performance Center) and Yonders Point Restroom; and (6) paying related professional services including for construction managers, engineers, architects, attorneys, auditors, financial advisors, fiscal agents and costs related to issuing the Certificates.

Proceeds from the sale of the Notes will be used for (1) purchasing City vehicles for the City’s police, fire, parks, transportation, and building construction and facility maintenance departments and replacement vehicles for other City departments as needed; and (2) paying the costs of issuing the Notes.

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

<u>Sources:</u>	<u>Bonds</u>	<u>Certificates</u>	<u>Notes</u>
Principal	\$	\$	\$
Bid Premium			
Total Sources	\$	\$	\$
<u>Uses:</u>			
Deposit to Project Fund	\$	\$	\$
Deposit to Debt Service Fund			
Purchaser's Discount			
Costs of Issuance			
Total Uses	\$	\$	\$

### TAX INFORMATION

*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 Travis and Williamson Central Appraisal Districts (the "Appraisal Districts"). Except as described below, the Appraisal Districts are required to appraise all property within each applicable 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 Districts are 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 applicable 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.

Through December 31, 2026, an appraisal district is prohibited from increasing the appraised value of real property during the 2025 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5,160,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2025 tax year, through December 31, 2026 (unless extended by the Legislature), the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

The appraisal values set by the Appraisal Districts 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 "- 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. Pursuant to voter approval at a Statewide election held on November 4, 2025, legislation passed by the Legislature and signed by the Governor during the 89th Regular Session will provide a person to an exemption from taxation by a taxing unit of \$125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of \$125,000, regardless of where the property is located in the taxing unit.

**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. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

**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 “– 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 “– CITY APPLICATION OF PROPERTY 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 “– CITY APPLICATION OF PROPERTY 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 greater of (i) zero; or (ii) the sum of the foregone revenue amount for each of the tax years 2022 through 2024 divided by the current total value.

“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 1 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. Furthermore, beginning for tax year 2026, if the Texas Attorney General determines that a city did not have its audited annual financial statements on file with its city secretary or clerk before the 180th day after the city’s fiscal year end, the city may not adopt an ad valorem tax rate that exceeds the city’s no-new-revenue tax rate.

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 Obligations.**

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 applicable Appraisal District by timely initiating a protest with the applicable Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal Districts 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.

**FUTURE STATE LEGISLATION . . .** The Texas Legislature meets in regular session in odd numbered years for 140 days. When the Texas Legislature is not in session, the Governor of Texas (the “Governor”) may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, elections, and other matters which could adversely affect the City and also affect the marketability or market value of the Obligations. The City can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions but intends to monitor all proposed legislation for any developments applicable to the City.

**CITY APPLICATION OF TAX CODE . . .** The City grants an exemption to the assessed value of the residence homestead of persons 65 years of age or older of \$22,000; the disabled are also granted an exemption of \$3,000.

The City has not 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 Williamson County and Travis County Tax Offices collect taxes for the City.

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

The City does not tax freeport property.

The City does tax goods-in-transit.

The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes. See “FINANCIAL INFORMATION – Table 10 – MUNICIPAL SALES TAX HISTORY.”

Pursuant to Chapter 380, the City has entered into an agreement with Dell Corporation to rebate a portion of the City’s 1% municipal sales tax. This agreement expires in December, 2099.

The City has also entered into a 380 agreement with Bass Pro Outdoor World, LLC to rebate a portion of the City’s 1% municipal sales tax not to exceed \$4,000,000 (cumulative) or \$500,000 per year. This agreement has a 10-year term but may be satisfied earlier once the \$4,000,000 cap is reached.

The City has entered into a 380 agreement (the “Kalahari 380 Agreement”), dated December 15, 2016, with KR Acquisitions, LLC and KR CC, Inc. (together, “Kalahari”) in connection with the development of a master planned, mixed-use development on a 352 acre site of a family resort hotel, convention center, and indoor/outdoor water park (the “Kalahari Resort”). The Kalahari 380 Agreement provides for an investment of at least \$350,000,000 by Kalahari, the creation of at least 700 jobs, and the deposit of an amount equal to the total tax revenues from City ad valorem taxes, City and State hotel occupancy taxes, City sales taxes, State mixed beverage taxes, and State sales taxes collectively generated by the Kalahari Resort (the “Tax Revenue Amount”) to be used first to pay debt service on bonds issued by the City and the Round Rock Transportation and Economic Development Corporation to finance a portion of the convention center and related public improvements, and second to pay Kalahari 75% of the remaining Tax Revenue Amount in years 1 through 10 of the Kalahari 380 Agreement and 50% of the remaining Tax Revenue Amount in years 11 through 40 of the Kalahari 380 Agreement. For more information regarding the Kalahari Resort. For more information regarding the Kalahari Resort, see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY.”

**TABLE 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT**

2025/2026 Market Valuation Established by the Travis and Williamson Central Appraisal Districts (excluding totally exempt property and exempt agricultural use value)	\$ 27,121,964,345
Less Exemptions/Reductions	1,299,969,810
	<hr/>
2025/2026 Net Taxable Assessed Valuation	\$ 25,821,994,535
Debt Payable from Ad Valorem Taxes as of 3-1-2026	
General Obligation Debt	\$ 418,660,000 <sup>(1)</sup>
The Bonds	100,000,000 <sup>(2)</sup>
The Certificates	93,000,000 <sup>(2)</sup>
The Notes	5,300,000 <sup>(2)</sup>
	<hr/>
Debt Payable from Ad Valorem Taxes	\$ 616,960,000
Less: Self-Supporting Debt	(24,215,000) <sup>(3)</sup>
Less: Interest and Sinking Fund as of 2-1-2026	(25,874,441)
	<hr/>
Net Debt Payable from Ad Valorem Taxes	\$ 566,870,559
Ratio of Net Tax Supported Debt to Taxable Assessed Valuation	2.20%

2026 Estimated Population - 145,208

Per Capita Taxable Assessed Valuation - \$177,828

Per Capita Net Debt Payable from Ad Valorem Taxes - \$3,904

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

(2) Preliminary, subject to change.

(3) Includes Series 2021B and 2021C Certificates of Obligation which are considered self-supporting.

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**TABLE 2 – VALUATION AND AD VALOREM TAX DEBT HISTORY**

Fiscal Year Ended 9-30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Per Capita Taxable Assessed Valuation	Funded Tax Debt Outstanding at End of Year <sup>(3)</sup>	Ratio Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2022	124,614	\$ 17,670,723,796	\$ 141,804	\$ 289,825,000	1.64%	\$ 2,326
2023	128,957	21,693,026,463	168,219	298,020,000	1.37%	2,311
2024	134,450	24,052,055,665	178,892	300,345,000	1.25%	2,234
2025	136,383	25,155,755,035	184,449	394,445,000	1.57%	2,892
2026	145,208	25,821,994,535	177,828	572,110,000 <sup>(4)</sup>	2.22% <sup>(4)</sup>	3,940 <sup>(4)</sup>

(1) Source: The City.

(2) As reported by the Williamson and Travis County Appraisal Districts, subject to change during the ensuing year.

(3) Excludes debt considered self-supporting. See “Table 1 – VALUATIONS, EXEMPTIONS AND AD VALOREM TAX DEBT.”

(4) Projected; includes the Obligations. Preliminary, subject to change.

**TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9-30	Tax Rate	Distribution		Tax Levy	% Current Collections	% Total Collections
		General Fund	Interest and Sinking Fund			
2022	\$ 0.3970	\$ 0.2649	\$ 0.1321	\$ 70,241,994	99.70%	99.67%
2023	0.3420	0.2244	0.1176	74,262,463	99.67%	99.46%
2024	0.3420	0.2385	0.1035	82,116,022	99.56%	98.74%
2025	0.3600	0.2546	0.1054	90,575,785	99.68%	99.68%
2026	0.3720	0.2568	0.1152	99,154,100	84.26% <sup>(1)</sup>	84.26% <sup>(1)</sup>

(1) Partial collections as of January 31, 2026.

**TABLE 4 – TEN LARGEST TAXPAYERS**

Name of Taxpayer	2025/2026 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Kalahari Resort <sup>(1)</sup>	\$ 576,729,349	2.23%
Dell Computer Holdings LP	451,608,880	1.75%
CPG Round Rock LP & SPG Round Rock NS	158,000,000	0.61%
CMF 15 Portfolio LLC	134,750,000	0.52%
Texas Essential Housing Public Facility Corp.	132,000,000	0.51%
Columbia/St. David Healthcare	112,361,156	0.44%
Oncor Electric Delivery Company	99,828,503	0.39%
Stanmore Palm Valley Apartments LLC	88,850,000	0.34%
BT-OH LLC	86,345,610	0.33%
La Frontera Improvements LLC	86,000,901	0.33%
	<u>\$ 1,926,474,399</u>	<u>7.46%</u>

(1) Property consists of a leasehold estate of property owned by the City of Round Rock.

**AD VALOREM TAX DEBT LIMITATION . . .** The City has no legal debt limit established by its Home Rule Charter or ordinances. For a description of limitations on the City’s maximum ad valorem tax rate (see “THE OBLIGATIONS – TAX RATE LIMITATION”).

**TABLE 5 – 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 G.O. Tax Debt</u>	<u>Estimated % Applicable</u>	<u>City's Overlapping G.O. Tax Debt As of 2/28/2026</u>
Austin CCD	\$ 657,685,000	6.03%	\$ 39,658,406
Avery Centre Road District No. 1	9,340,000	100.00%	9,340,000
Georgetown ISD	1,096,480,000	1.31%	14,363,888
Pflugerville ISD	625,365,000	0.24%	1,500,876
Round Rock ISD	907,410,000	38.41%	348,536,181
Round Rock MUD #1	38,150,000	100.00%	38,150,000
Round Rock MUD #2	19,625,000	100.00%	19,625,000
Travis County	1,169,850,000	0.23%	2,690,655
Travis County Healthcare District	406,525,000	0.23%	935,008
Upper Brushy Creek WCID	48,465,000	27.43%	13,293,950
Williamson County	1,261,500,000	17.25%	217,608,750
City of Round Rock	566,870,559 <sup>(1)</sup>	100.00%	<u>566,870,559 <sup>(1)</sup></u>
Total Direct and Overlapping Net Funded Debt			\$ 1,272,573,272
Ratio of Direct and Overlapping Net Funded Debt to Taxable Assessed Valuation			4.93%
Per Capita Direct and Overlapping Net Funded Debt			\$ 8,764

(1) Excludes debt considered self-supporting and includes the Obligations and debt service funds on hand. Preliminary, subject to change.

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## DEBT INFORMATION

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

Fiscal Year Ending 9/30	Outstanding Ad Valorem Tax Debt <sup>(1)</sup>		The Bonds <sup>(2)</sup>		The Certificates <sup>(2)</sup>		The Notes <sup>(2)</sup>		Less:	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Self-Supporting Debt	Debt Service Requirements
	2026	\$ 21,815,000	\$ 17,033,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,875,550
2027	23,245,000	14,993,554	980,000	6,194,444	915,000	5,760,833	730,000	328,306	1,874,550	51,272,587
2028	21,025,000	14,163,130	2,225,000	4,951,000	2,070,000	4,604,250	825,000	228,500	1,874,650	48,217,230
2029	21,790,000	13,400,689	2,335,000	4,839,750	2,175,000	4,500,750	870,000	187,250	1,877,250	48,221,189
2030	22,625,000	12,600,989	2,455,000	4,723,000	2,280,000	4,392,000	910,000	143,750	1,877,100	48,252,639
2031	21,935,000	11,772,152	2,575,000	4,600,250	2,400,000	4,278,000	960,000	98,250	1,874,250	46,744,402
2032	21,190,000	11,000,513	2,705,000	4,471,500	2,510,000	4,158,000	1,005,000	50,250	1,281,050	45,809,213
2033	16,390,000	10,278,060	2,840,000	4,336,250	2,640,000	4,032,500	-	-	1,283,450	39,233,360
2034	16,980,000	9,687,690	2,980,000	4,194,250	2,775,000	3,900,500	-	-	1,284,800	39,232,640
2035	17,620,000	9,052,376	3,130,000	4,045,250	2,915,000	3,761,750	-	-	1,285,500	39,238,876
2036	18,260,000	8,403,443	3,290,000	3,888,750	3,055,000	3,616,000	-	-	1,285,550	39,227,643
2037	18,965,000	7,708,428	3,450,000	3,724,250	3,210,000	3,463,250	-	-	1,284,950	39,235,978
2038	19,660,000	7,014,553	3,625,000	3,551,750	3,370,000	3,302,750	-	-	1,283,700	39,240,353
2039	19,845,000	6,287,521	3,805,000	3,370,500	3,535,000	3,134,250	-	-	1,282,200	38,695,071
2040	14,310,000	5,547,456	3,995,000	3,180,250	3,720,000	2,957,500	-	-	1,280,300	32,429,906
2041	14,880,000	4,981,269	4,195,000	2,980,500	3,905,000	2,771,500	-	-	1,278,000	32,435,269
2042	15,475,000	4,391,019	4,405,000	2,770,750	4,095,000	2,576,250	-	-	1,285,300	32,427,719
2043	14,025,000	3,806,544	4,625,000	2,550,500	4,300,000	2,371,500	-	-	1,277,000	30,401,544
2044	14,550,000	3,277,950	4,855,000	2,319,250	4,515,000	2,156,500	-	-	1,273,400	30,400,300
2045	13,295,000	2,720,369	5,100,000	2,076,500	4,745,000	1,930,750	-	-	1,274,400	28,593,219
2046	13,815,000	2,205,706	5,355,000	1,821,500	4,980,000	1,693,500	-	-	1,269,900	28,600,806
2047	11,540,000	1,669,538	5,625,000	1,553,750	5,225,000	1,444,500	-	-	-	27,057,788
2048	8,935,000	1,167,500	5,905,000	1,272,500	5,490,000	1,183,250	-	-	-	23,953,250
2049	9,345,000	761,169	6,200,000	977,250	5,765,000	908,750	-	-	-	23,957,169
2050	7,145,000	336,125	6,510,000	667,250	6,055,000	620,500	-	-	-	21,333,875
2051	-	-	6,835,000	341,750	6,355,000	317,750	-	-	-	13,849,500
	\$ 418,660,000	\$ 184,261,592	\$ 100,000,000	\$ 79,402,694	\$ 93,000,000	\$ 73,837,083	\$ 5,300,000	\$ 1,036,306	\$ 30,462,850	\$ 925,034,825

(1) Includes Series 2021B and 2021C Certificates of Obligation which are considered self-supporting.

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

**TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION**

Estimated General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-2026 <sup>(1)</sup> .....	\$	38,848,851
Estimated 2026 Interest and Sinking Fund Tax Levy .....	\$	29,746,880
Self-Supporting Debt .....		1,875,550
Interest and Sinking Fund Balance as of 9-30-2025 .....		<u>1,807,905</u>
Estimated Balance, 9-30-2026 .....	\$	<u>5,418,516</u>

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

**TABLE 8 – AUTHORIZED BUT UNISSUED AD VALOREM TAX BONDS**

Purpose	Date Authorized	Amount Authorized	Amount	Authorization	Unissued Balance
			Heretofore Issued	Being Used <sup>(1)</sup>	
Parks and Recreation	5/6/2023	\$ 230,000,000	\$ 100,000,000	\$ 78,000,000	\$ 52,000,000
Public Safety	5/6/2023	44,000,000	10,000,000	22,000,000	12,000,000
Total		\$ 274,000,000	\$ 110,000,000	\$ 100,000,000	\$ 64,000,000

(1) Preliminary, subject to change.

The City may incur non-voted debt payable from or secured by its levy and collection of ad valorem taxes and other sources of revenue, including tax notes, public property finance contractual obligations, and leases for various purposes.

**ANTICIPATED ISSUANCE OF AD VALOREM TAX DEBT . . .** The City does anticipate issuing approximately \$13,465,000 General Obligation Refunding Bonds, Series 2026 within the next three months.

**OTHER OBLIGATIONS . . .** The City has a \$3,404,738 balance on a lease purchase as of September 30, 2025.

**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 OF ROUND ROCK, TEXAS ANNUAL FINANCIAL REPORT.”

**OTHER POST-EMPLOYMENT BENEFITS . . .** In addition to providing pension benefits through the TMRS, the City has opted to provide eligible retired employees with post-employment benefits similar to the coverage offered to existing employees, City of Round Rock TMRS retirees are eligible for health, dental, and vision medical coverage.

GASB released the Statement of General Accounting Standards No. 45 (“GASB 45”), Accounting by Employers for Other Post-Employment Benefits (“OPEB”), in June 2004. The City was required to implement GASB 45, for the fiscal year beginning October 1, 2008. GASB 45 sets forth standards for the measurement, recognition, and display of post-employment benefits, other than pensions, such as health and life insurance for current and future retirees. Those subject to this pronouncement are required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting over the working lifetime of the employees; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, the future costs of those benefits have been funded; and (iii) provide information useful in assessing potential demands on the employer’s future cash flows. The employer’s contributions to OPEB costs that are less than an actuarially determined annual require contribution will result in a net OPEB cost, which under GASB 45 will be required to be recorded as a liability in the employer’s financial statements.

The City implemented GASB 45 in its financial statements for the fiscal year that began October 1, 2008 (ending September 30, 2009). See Note V.D. “OTHER INFORMATION, OTHER POST-EMPLOYMENT BENEFITS” in the excerpts from the City of Round Rock, Texas Annual Financial Report for the Fiscal Year Ended September 30, 2025, attached hereto as APPENDIX B.

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**FINANCIAL INFORMATION**

**TABLE 9 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
<b>Revenues:</b>					
Taxes	\$ 141,852,591	\$ 135,160,453	\$ 123,005,330	\$ 112,789,493	\$ 100,208,484
Licenses and Permits	3,114,238	2,620,586	4,360,656	2,619,840	2,402,843
Charges for Services	6,148,801	6,163,411	5,936,306	5,308,795	4,880,297
Fines and Forfeitures	1,246,705	1,062,649	1,048,377	1,143,039	1,027,327
Miscellaneous	12,828,599	12,724,270	12,510,179	5,871,565	8,330,071
Total Revenues	<u>\$ 165,190,934</u>	<u>\$ 157,731,369</u>	<u>\$ 146,860,848</u>	<u>\$ 127,732,732</u>	<u>\$ 116,849,022</u>
<b>Expenditures:</b>					
General Government	\$ 34,339,295	\$ 29,881,975	\$ 27,642,483	\$ 26,055,869	\$ 24,547,018
Public Safety	92,869,524	78,375,956	71,483,729	64,353,318	59,445,458
Public Works	22,427,987	19,915,678	18,977,936	16,878,535	15,416,404
Culture and Recreation	22,901,087	21,907,441	20,112,448	18,575,796	15,861,492
Debt Service	-	2,731,224	-	-	-
Total Expenditures	<u>\$ 172,537,893</u>	<u>\$ 152,812,274</u>	<u>\$ 138,216,596</u>	<u>\$ 125,863,518</u>	<u>\$ 115,270,372</u>
Excess (deficiency) of Revenues Over Expenditures	<u>\$ (7,346,959)</u>	<u>\$ 4,919,095</u>	<u>\$ 8,644,252</u>	<u>\$ 1,869,214</u>	<u>\$ 1,578,650</u>
Budgeted Transfers In	\$ 7,954,300	\$ 7,250,300	\$ 6,905,000	\$ 6,455,000	\$ 6,257,264
Budgeted Transfers Out	(10,781,500)	(2,369,434)	(502,741)	(18,961,811)	(8,359,371)
Lease Purchase Proceeds	10,482,035	701,304	-	-	-
Total Transfers	<u>\$ 7,654,835</u>	<u>\$ 5,582,170</u>	<u>\$ 6,402,259</u>	<u>\$ (12,506,811)</u>	<u>\$ (2,102,107)</u>
Net Increase/(Decrease)	\$ 307,876	\$ 10,501,265	\$ 15,046,511	\$ (10,637,597)	\$ (523,457)
Beginning Fund Balance	<u>74,200,618</u>	<u>63,699,353</u>	<u>48,652,842</u>	<u>59,290,439</u>	<u>59,813,896</u>
Ending Fund Balance	<u>\$ 74,508,494</u>	<u>\$ 74,200,618</u>	<u>\$ 63,699,353</u>	<u>\$ 48,652,842</u>	<u>\$ 59,290,439</u> <sup>(1)</sup>

Source: City's audited financial statements.

**TABLE 10 – MUNICIPAL SALES TAX HISTORY**

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, 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 Obligations. Collections and enforcements are effected through the office of the Texas Comptroller of Public Accounts who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9-30	Total Collected <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2021	\$ 50,217,518	73.70%	\$ 0.3270	\$ 409
2022	58,232,363	82.90%	0.3295	452
2023	58,549,152	78.84%	0.2699	435
2024	60,473,315	73.64%	0.2514	450
2025	60,039,072	66.29%	0.2387	440

(1) Excludes ½% sales and use tax collected for reduction of ad valorem taxes and ½% sales and use tax collected for transportation system improvements.

The Texas Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (1/2%) sales and use tax for the purpose of reducing ad valorem property 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%).

As approved by voters, the City collects an additional one-half percent (1/2%) sales and use tax to reduce ad valorem property taxes. In addition, at a special election held on August 9, 1997 voters in the City authorized the levy of a 1/2 of 1% local sales and use tax for the benefit of the Round Rock Economic Development and Transportation Corporation, a Type B nonprofit corporation organized and operating under Chapters 501 and 505, Texas Local Government Code, to be used for streets, roads, drainage and other related transportation system improvements including the payment of maintenance and operation expenses associated with such authorized projects and economic development activities.

In May 2020, the Comptroller adopted changes to its Rule 3.334 (34 Tex. Admin. Code § 3.334) that require sales tax collections to shift from the point of origination of the sale to the point of destination of the product for any sale that is made by a business that receives its orders solely through a shopping website effective September 1, 2021. The City's suit against the Comptroller related to the Rule 3.334 changes (34 Tex. Admin. Code 3.334) was heard in District Court in October 2024. In December, the judgment was rendered in favor of the Plaintiffs (including the City of Round Rock), ordering the Comptroller unable to enforce the subsections in question effective July 4, 2024. The case is currently on appeal, but the City and its outside counsel believe strongly that any appeal would not result in a change in the judgment.

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## INVESTMENTS

The City invests its investable funds in investments authorized by Texas 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.

**LEGAL INVESTMENTS . . .** Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas 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 of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "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) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the "PFLA") (i) that are issued by or through an institution that has its main office or a branch office in the State of Texas 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 (6) or in any other manner and amount provided by law for City deposits or (ii) where (a) the funds are invested by the City through (1) 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 (2) a depository institution that has its main office or branch office in the State of Texas 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 (a) above, a custodian 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); (9) fully collateralized repurchase agreements that (i) have a defined termination date, (ii) are secured by a combination of cash and/or obligations described in clause (1) above, (iii) requires the securities being purchased by the City or cash held by the City to be pledged to the City either directly or through a joint account (an account maintained by a custodian bank and established on behalf of two or more parties to engage in aggregate repurchase agreement transactions) approved by the City held in the City's name either directly or through a joint account approved by the City and deposited at the time the investment is made with the City or with a third party selected and approved by the City, (iv) are placed through a primary government securities dealer (as defined by the Federal Reserve) or a financial institution doing business in the State of Texas, and (v) collateralized in accordance with the City's investment policy; (10) 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; (11) commercial paper with a stated maturity of 270 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; (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in the this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (14) 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 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 in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

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 (6) 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 (6) above, clauses (11) through (13) 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 of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. 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 Texas 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 Texas 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, 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 PFIA. 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 Texas 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) Texas law. No person may invest City funds without express written authority from the City Council.

Under Texas 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 records 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 imprudent investment activities, 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 no-load 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, (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 11 – CURRENT INVESTMENTS**

The City invests in a portfolio of U.S. Treasury Securities, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Discount Notes, Federal National Mortgage Assn. Notes, Commercial Paper, Federal Agricultural Mortgage Corp. Notes, FFCB Notes, certificates of deposit and government investment pools which comply with the above-noted legal investment criteria. No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

Under City investment criteria, other securities or investment instruments may be added to the City's investment portfolio which are approved under State law as authorized investments for municipal governments and which are further approved by the City Council.

The City's investment portfolio is generally representative of the City's investment practices although the City has in the past or may in the future also invest in other investments approved by the City Council which meet the above-noted legal criteria. Pursuant to State law, not less than quarterly, the investment officer must prepare a written report on investment transactions which includes the beginning and ending market value of investments for such period. Based upon the most recent valuation of its investments which occurred March 31, 2026, the City reports its investments totaling \$517,548,749 in book value and a market value of \$517,571,742 or 100% of book value.

## TAX MATTERS

**OPINION . . .** On the Date of Initial Delivery of the Obligations, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Obligations for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Obligations will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations. See “APPENDIX C – FORMS OF BOND COUNSEL’S OPINIONS.”

In rendering its opinion, Bond Counsel will rely upon (a) the City’s federal tax certificate and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Obligations and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Obligations to become includable in gross income retroactively to the date of issuance of the Obligations.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Obligations in order for interest on the Obligations to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Obligations to be included in gross income retroactively to the date of issuance of the Obligations. The opinion of Bond Counsel is conditioned on compliance by the City with the covenants and the requirements described in the preceding paragraph, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Obligations.

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Obligations.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Obligations or the property financed or refinanced with proceeds of the Obligations. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Obligations, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Obligationholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

**FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . .** The initial public offering price to be paid for one or more maturities of the Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the Obligations may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Obligations”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Obligations less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Obligation in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Obligation equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Obligation prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Obligation was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Obligation is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner’s basis for such Original Issue Discount Obligation for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Obligation.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Obligations which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Obligations should consult their own tax advisors with

respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Obligations and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Obligations.

**COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . .** The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Obligations. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE OBLIGATIONS.

Interest on the Obligations may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Obligations, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Obligations, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

**STATE, LOCAL AND FOREIGN TAXES . . .** Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Obligations 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.

**INFORMATION REPORTING AND BACKUP WITHHOLDING . . .** Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

**FUTURE AND PROPOSED LEGISLATION . . .** Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Obligations under Federal or state law and could affect the market price or marketability of the Obligations. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Obligations should consult their own tax advisors regarding the foregoing matters.

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## CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the registered and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, 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 4 and 6 through 11 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’s current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year and audited financial statements by September 30, 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 also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The City will provide notice of any of the following events with respect to the Obligations: (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 Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into of 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 the 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 any such 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 any such financial obligation of the City, any of which reflect financial difficulties. (Neither the Obligations nor the Ordinances make any provision for debt service reserves, credit enhancement or a trustee.)

For these purposes, (a) any event described in clause (12) in the preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in clauses (15) and (16) in the preceding paragraph and the definition of financial obligation in this section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The City will also file notice with the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data as described above in “– ANNUAL REPORTS” by the time required.

**LIMITATIONS AND AMENDMENTS . . .** The City has agreed to update information and to provide notices of certain 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 Obligations 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 Obligations 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 Obligations 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 Obligations 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 registered and beneficial owners of the Obligations.

The City may also amend or repeal the provisions of its 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, and the City also may amend the provisions of its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations, giving effect to (i) such provisions as so amended and (ii) any amendments or interpretations of the Rule.

If the City so amends its continuing disclosure agreement as described in this section, 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 . . .** In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for each of the last five years have consisted of the related City’s Annual Comprehensive Financial Report (“ACFR”), which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFR but can be calculated from information in the ACFR.

## **OTHER INFORMATION**

**RATING . . .** The Obligations and the outstanding tax supported debt of the City have been rated “AAA” by S&P Global Ratings (“S&P”). The outstanding tax supported debt of the City is also rated “Aa1” by Moody’s Investors Service (“Moody’s”). No application was made to Moody’s for a rating on the Obligations. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective views of such organizations 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 they will not be revised downward or withdrawn entirely by one or more of such rating company, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Obligations.

**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 OBLIGATIONS FOR SALE . . .** The sale of the Obligations 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 Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations 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 Obligations are legal investments for various institutions in those states.

**LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE . . .** Delivery of the Obligations will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Obligations are valid and legally binding obligations of the City under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property within the City, and, based upon their examination of a

transcript of certified proceedings relating to the issuance and sale of the Obligations, the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, to the matters set forth in “TAX MATTERS.”

The obligations of the Purchasers to take and pay for the Obligations, and of the City to deliver the Obligations, are subject to the condition that, up to the time of delivery of and receipt of payment for the Obligations, there shall have been no material adverse change in the condition (financial or otherwise) of the City from that set forth or contemplated in this Official Statement.

The City will furnish the Purchasers a certificate dated as of the date of delivery of the Obligations, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Obligations, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the City, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or non-encumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Obligations.

The legal opinions to be delivered concurrently with the delivery of the Obligations 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 that 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.

**FINANCIAL ADVISOR . . .** Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor’s fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. 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 Obligations, 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 Bonds, the City accepted the bid of \_\_\_\_\_ (the “Bond Purchaser”) to purchase the Bonds at the interest rates shown on page 2 of the Official Statement at a price of approximately \_\_\_\_\_% of par. The Bond Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Bond Purchaser. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Bond Purchaser.

After requesting competitive bids for the Certificates, the City accepted the bid of \_\_\_\_\_ (the “Certificate Purchaser”) to purchase the Certificates at the interest rates shown on page 4 of the Official Statement at a price of approximately \_\_\_\_\_% of par. The Certificate Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Certificate 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 Certificate Purchaser.

After requesting competitive bids for the Notes, the City accepted the bid of \_\_\_\_\_ (the “Note Purchaser”) to purchase the Notes at the interest rates shown on page 6 of the Official Statement at a price of approximately \_\_\_\_\_% of par. The Note Purchaser can give no assurance that any trading market will be developed for the Notes after their sale by the City

to the Note Purchaser. The City has no control over the price at which the Notes are subsequently sold and the initial yield at which the Notes will be priced and reoffered will be established by and will be the responsibility of the Note 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 Ordinances authorizing the issuance of the Obligations 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 Obligations by the Purchasers.

**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 Obligations to the Purchasers at closing, unless extended by the Purchasers. All information with respect to the resale of the Obligations subsequent to the “end of the underwriting period” is the responsibility of the Purchasers.

**UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . .** If, subsequent to the date of the Official Statement to and including the date the Purchasers are 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 Purchasers 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 Purchasers a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Purchasers, unless the Purchasers elect to terminate their respective obligation to purchase the Obligations 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 Obligations to the Purchasers (the “end of the underwriting period” within the meaning of the Rule), unless the Purchasers provide written notice the City that less than all of the Obligations 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 Obligations have been sold to ultimate customers. In the event the Purchasers provide written notice to the City that less than all of the Obligations have been sold to ultimate customers, the Purchasers agree 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.

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Mayor  
City of Round Rock, Texas

ATTEST:

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City Clerk  
City of Round Rock, Texas

**APPENDIX A**

**GENERAL INFORMATION REGARDING THE CITY**

**THE CITY . . .** The City of Round Rock, Texas (the “City”), with an estimated 2019 population of 115,343, is located 15 miles north of Austin in the Central Texas hill country, and 85 miles south of Waco on Interstate Highway 35. The City is also situated on U.S. Highway 79, which runs east and west. Both U.S. Highway 79 and I-35 are main traffic arteries within Texas. The City is a political subdivision located in Williamson and Travis Counties.

**LOCAL ECONOMY . . .** The City has experienced robust economic growth in recent years. As the largest city in Williamson County and part of the Austin Metropolitan Statistical Area (MSA), the City is a key part of one of the fastest growing regions in Texas and the country. From 2014 to the projected population for 2025, the City will have experienced 10-year population growth of 30%. Our long-range population estimates predict this increase continuing at a growth rate of around 2.5% per year for the foreseeable future. The state’s strong economy, low unemployment rate, and low rate of overall taxation continues to draw new residents and businesses into Central Texas.

The population for 2030 is projected to be over 161,000 within the City limits and over 229,000 in Greater Round Rock, which includes the City limits and the City’s extraterritorial jurisdiction (ETJ). While most of the long-range growth will likely occur in northeast Round Rock where there are still large tracts of land that could be developed into additional neighborhoods, population density will likely increase across the City as residential development continues for single family townhomes, multifamily apartments, and senior living facilities. The City is planning and preparing for this population growth to ensure the high-quality services City residents have come to expect are expanded to serve residents of today and of tomorrow.

**RECENT WINS AND NEW BUSINESSES . . .** **Kalahari Resorts** selected Round Rock as the location of its fourth family resort and convention center and *opened November 12, 2020*. The authentically African-themed **Kalahari Resorts and Convention Center** features 975 well-appointed guest rooms, full-service amenities, fully equipped fitness centers, on-site restaurants, unique retail shops, a state-of-the-art 200,000-square-foot convention center, and a 223,000- square-foot indoor/outdoor water park. This opens new opportunities for Round Rock and will provide substantial property tax revenues and diversify the local economy and available employment opportunities. Its 352-acre site and proximity to Old Settlers Park and the Dell Diamond – two well-established venues that draw more than a million visitors annually – bodes well for a successful, tourism-oriented development.

**Amazon** has opened a new delivery station in Round Rock with an estimated 600 employees in 2021. The 32-acre site is located at the Chisholm Trail Center near I-35 and Old Settlers Boulevard and is comprised of three industrial buildings. The larger building is 180,550-square-feet and is used as the campus distribution center. The smaller two buildings total 260,970-square-feet and are used as parking for employees and delivery vehicles. The delivery station has created 600 local jobs.

**Triple Temp Cold Storage LLC** will be operating a new cold storage and manufacturing facility in southwest Round Rock which started construction July 2021. The facility will be 125,000-square-feet on a 10-acre site near Bratton Lane and expected to generate at least 60 new jobs. The new facility will also serve as an incubator for entrepreneurs to create new food products and take them to market. This cold storage and incubator will be the first to market in the Austin-Round Rock area. **East/West Manufacturing** opened a new 43,000 square-foot facility in Round Rock in November 2021. East/West manufactures electronics and will invest in a new facility, relocate 30 jobs to Round Rock and create 30 new jobs over five years. A new \$20 million **Embassy Suites Hotel and Conference Center** is opening in April on 6 acres near Bass Pro Shops and the Round Rock Premium Outlets. The project brings a 160-room hotel with 14,000-square-feet of convention and meeting space and will generate at least 60 jobs.

The City signed its first incentive agreement in the defense industry sector in January 2021. **Ametrine, Inc.**, a camouflage systems manufacturer, will relocate from Maryland and occupy a 40,000 square foot facility and bring 140 jobs. This represents the City’s first big win leveraging the location of the new Army Futures Command to Austin.

**STRONG EXISTING BASE . . .** **Dell** is the largest employer in Round Rock with an estimated 13,000 employees. Since **Dell** relocated its global headquarters to Round Rock in 1994, the economic impact to the City has been transformative. Because of the company’s commitment to Round Rock, the employment opportunities they offer, and the property tax and sales tax revenues they generate, **Dell** remains a major driver to the City’s economy.

**Emerson Process Management** opened its \$70 million, 282,000-square foot international headquarters and technology center in January 2014 for its automation systems and project services businesses which help customers operate facilities in fields like oil and gas. **TECO-Westinghouse** is the largest manufacturer of electric motors in North America. **Cargill Meat Solutions** (formerly ProPortion Foods LLC.) relocated its office, food processing, storage, and warehouse facility to the City in 2016, bringing in at least 400 full-time jobs. **Airco Mechanical**, a commercial and residential heating, ventilation, and air conditioning service provider, relocated its Central Texas headquarters to a previously vacant 47,000-square-foot building, bringing in another 400 full-time jobs.

**United Parcel Service (UPS)** opened their new facility in Round Rock November 2018 with a new regional distribution center that provides additional operating capacity for the Austin area. The \$70 million, 225,000-square-foot facility is located on fifty acres of land near SH 45 and A.W. Grimes Boulevard and employs more than 550 people with an annual salary of at least \$50,000. The local major destination retail hubs broaden Round Rock’s economy. The **Round Rock Premium Outlets’** 430,000-square-foot outlet mall and the nearby **Round Rock IKEA** serve as a destination for shoppers from Central Texas and beyond. These destination retail stores continue to generate steady retail sales tax revenues for the City, bring in shoppers to the area which benefits neighboring retail and restaurants, and place a relatively low demand on City services such as police, fire, and parks and recreation.

**ON THE HORIZON** . . . Over the next five years new economic development projects will continue to reshape Round Rock’s economy by diversifying the economy and bringing in new residents and visitors. The City entered into an agreement with **Mark IV Capital** for *The District* in February 2019. The planned \$200 million project will be a live, work, and play community located near the intersection of IH 35 and SH 45. Initial plans for the development include 1 million square feet of office space, approximately 900 multifamily residential units, a hotel, a high-end grocery store, and retail/restaurant space. The development has substantially completed the zoning and development process and broke ground in late 2022.

**Switch, Inc.**, the exascale technology infrastructure corporation, has started construction on its Fifth Prime data center campus in Round Rock. Switch is building a 1.5 million square-foot campus of highly resilient Tier 5® data center space next to Dell. This new campus will be called “The Rock” and will continue with Switch’s industry-leading commitment to sustainability by powering this facility with 100 percent renewable energy. Switch, Dell, and FedEx are working together to develop exascale multi-cloud edge infrastructure services to bring computer, storage, and connectivity to the network edge, and help customers overcome performance barriers for latency-sensitive applications.

**Sabey Data Centers**, headquartered in Seattle, WA, is one of the oldest and largest privately owned multi-tenant data center operator/developers in the world, has purchased property in Round Rock and announced plans to invest \$185 million to construct their next global data center in Round Rock, which opened in Spring 2024.

A new \$20 million **Embassy Suites Hotel and Conference Center** was construction on 6 acres of land near the Bass Pro Shops and Round Rock Premium Outlets. The project consists of 160 hotel rooms with 14,000-square-feet of convention and meeting space and will generate at least 60 jobs. The hotel and conference center opened in 2022.

**MEDICAL AND HIGHER EDUCATION** . . . Round Rock continues to see growth in the medical industry. The City is home to several full service hospitals offering comprehensive world-class healthcare services including **St. David’s Round Rock Medical Center**, a 175-bed facility, and **Ascension Seton Williamson Hospital**, a 181 bed facility. Round Rock is also home to a 101-bed **Baylor Scott & White (BSW) Medical Center** and supporting facilities. **BSW** expanded in 2017 with a 39,000-square-foot cancer center. This facility is the first cancer center in all of Williamson County, and provides services for radiation oncology, medical oncology, surgical oncology, and hematology. **Post-Acute Medical Rehabilitation Hospital** opened in December 2018. This 48,000-square-foot, 40-bed facility is the City’s sixth hospital and is designed to treat patients who have suffered traumatic brain injuries and strokes.

Round Rock also has several higher education facilities, many of which focus on healthcare disciplines. These institutions include **Texas State University**, **Austin Community College**, and the **Texas A&M Health Science Center**.

**Texas State University** opened its newest building – Willow Hall – in May 2018. The \$67.5 million, 107,000-square-foot facility is home to the university’s departments of communication disorders, physical therapy, and respiratory care, which all moved from the university’s San Marcos campus as the university continues to consolidate the College of Health Professionals here in Round Rock. The 87th Texas Legislature, during its third special session in October 2021, passed Senate Bill 52 authorizing \$3.3 billion in tuition revenue bonds for the construction of public university and health institution projects. Texas State University will receive an allocation from those funds for Esperanza Hall, the fourth academic building for the College of Health Professions on the Round Rock Campus.

**Austin Community College** celebrated the opening of a \$33 million, 45,000 square-foot expansion of its Round Rock campus on September 26, 2018. The new expansion features the college’s third state-of-the-art ACCelerator with more than 140 computers, advanced science labs, classrooms, and a social staircase where students can gather to relax or study. The new expansion made room for the enrollment of an additional 1,000 students.

**Texas A&M University College of Medicine** recently announced they will be expanding their educational opportunities at the Round Rock campus by allowing students to choose the Round Rock campus for clinical training starting with the class of 2024.

**APPENDIX B**

**EXCERPTS FROM THE  
CITY OF ROUND ROCK, TEXAS  
ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended September 30, 2025**

The information contained in this APPENDIX consists of excerpts from the City of Round Rock, Texas Annual Financial Report for the Fiscal Year Ended September 30, 2025 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.

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of City Council  
City of Round Rock, Texas

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Honorable Mayor and  
Members of City Council  
City of Round Rock, Texas

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension information, other post-employment benefits information, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor and  
Members of City Council  
City of Round Rock, Texas

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2026, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Austin, Texas  
February 9, 2026



**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

The discussion and analysis of the City of Round Rock's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2025. It should be read in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

**Financial Highlights**

- The assets and deferred outflows of resources of the City of Round Rock exceeded its liabilities and deferred inflows of resources at September 30, 2025, by \$1,463,488,929 (*net position*). Of this amount, \$1,024,385,061 (70.0%) is invested in capital assets. Net position restricted for specific purposes totals \$165,720,148 (11.3%). The remaining amount, \$273,383,720 (18.7%) (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City of Round Rock's total net position increased by \$129,035,315. The increase can be attributed to an increase of \$136,726,092 in net investment in capital assets offset by a reduction of \$10,678,360 for a prior period restatement for a change in standards recognizing compensated absences.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$333,354,004, a decrease of \$9,386,186 in comparison to the prior year. The decrease is due to spending for planned capital projects which decreased the restricted fund balance held for authorized construction. *Unassigned fund balance* of \$73,741,726, or 22.1% of the total fund balance is *available for spending* at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$73,741,726, or 42.7% of the total General Fund expenditures. The City's fund balance policy requires the General Fund's fund balance to be a minimum of 25% of expenditures, or \$43,134,473. The General Fund's total fund balance, \$74,508,494, is 72.7% more than the fund balance policy requirement.
- The City of Round Rock's total debt increased by \$91,849,435 during the current fiscal year. In May 2025 the City issued \$87,520,000 in voter approved general obligation debt, \$19,620,000 in certificates of obligation and \$4,775,000 in limited tax note debt offset by \$27,237,513 of regularly scheduled debt principal retirements (Note IV (F) to the financial statements).

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Round Rock's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Round Rock's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Round Rock is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., unavailable tax revenues and earned but unused vacation leave).

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

Both of the government-wide financial statements distinguish functions of the City of Round Rock that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Round Rock include water, wastewater, and stormwater utility and a golf course.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Round Rock, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Round Rock maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Round Rock Transportation and Economic Development Corporation (RRTEDC) Fund, the Debt-Financed Capital Projects Fund, the Self-Financed Construction Fund, and Roadway Impact Fees Fund, all of which are considered to be major funds. Data from the other seven (7) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

**Proprietary funds**

The City of Round Rock maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, and stormwater utility and for its golf course.

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-funded health insurance program and funding of its other post-employment benefits (OPEB) liability as of September 30, 2025. The net income (loss) of the Internal Service Fund is allocated between governmental and business-type activities.

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater, and stormwater utility and for the golf course. The water, wastewater, and stormwater utility is considered a major fund of the City. Since the Golf Course Fund is the only remaining enterprise fund, it is presented separately even though it does not meet the criteria of a major fund in GASB Statement No. 34. The Internal Service Fund is a single presentation in the proprietary fund financial statements.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found beginning on page 99 of this report.

**Other Information**

The combining statements referred to earlier in connection with nonmajor governmental funds and individual fund schedules are presented immediately following the notes to the financial statements.

**Government-wide Financial Analysis**

Net position is a useful indicator of a government's financial position. For the City of Round Rock, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,463,488,929 as of September 30, 2025.

The largest portion of the City's net position, \$1,024,385,061 (70.0%) reflects its investments in capital assets (e.g., land, buildings and improvements, improvements other than buildings, machinery and equipment, right-to-use lease equipment, right-to-use subscriptions, and construction in progress), less any spent and outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$165,720,148 (11.3%) represents resources that are subject to external restriction on how they may be utilized. Restricted net position decreased \$19.3 million, or 10.4%, compared to the prior year. Restricted net position for the governmental activities decreased \$18.9 million, a result of a decrease in funds available for capital projects. The remaining balance is unrestricted net position of \$273,383,720 which may be used to meet the City's ongoing obligations to citizens and creditors.

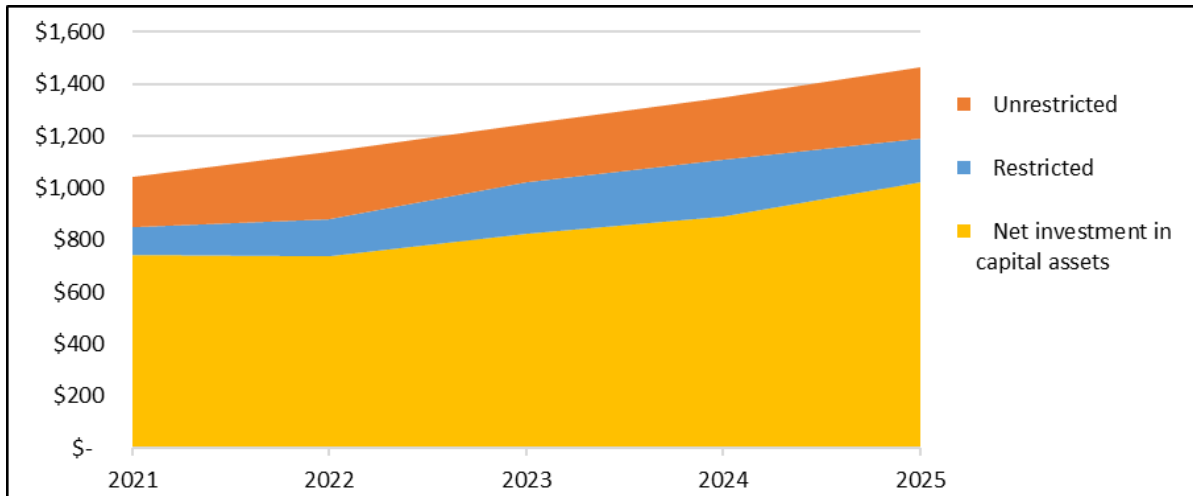
As of September 30, 2025, and 2024, the City has positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

**Net Position  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 406,315	\$ 395,302	\$ 245,690	\$ 254,785	\$ 652,005	\$ 650,087
Capital assets	1,070,909	883,460	495,589	447,490	1,566,498	1,330,950
Total assets	<u>1,477,223</u>	<u>1,278,762</u>	<u>741,279</u>	<u>702,275</u>	<u>2,218,503</u>	<u>1,981,037</u>
Deferred outflows of resources	25,463	31,633	6,534	7,215	31,997	38,848
Current liabilities	112,099	89,376	24,455	30,379	136,554	119,755
Long term liabilities	575,200	481,182	64,320	67,743	639,520	548,925
Total liabilities	<u>687,299</u>	<u>570,558</u>	<u>88,775</u>	<u>98,122</u>	<u>776,074</u>	<u>668,680</u>
Deferred inflows of resources	8,602	5,414	1,222	660	9,824	6,074
Net position:						
Net investment in capital assets	582,858	499,732	441,527	389,534	1,024,385	889,266
Restricted	155,739	174,686	9,981	10,327	165,720	185,013
Unrestricted	67,075	60,005	206,308	210,848	273,383	270,853
Total net position	<u>\$ 805,673</u>	<u>\$ 734,423</u>	<u>\$ 657,816</u>	<u>\$ 610,709</u>	<u>\$ 1,463,489</u>	<u>\$ 1,345,132</u>

**Total Net Position  
Governmental & Business-Type Activities  
(in millions)**



**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

**Analysis of Changes in Net Position**

The table below summarizes the changes in the City's net position from its activities for the fiscal year ended September 30, 2025, with comparisons to the previous year.

	<b>Changes in Net Position (in thousands)</b>					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 15,029	\$ 13,343	\$ 78,085	\$ 69,827	\$ 93,114	\$ 83,171
Operating grants and contributions	3,635	4,045	-	2,734	3,635	6,779
Capital grants and contributions	40,276	22,421	56,711	38,165	96,987	60,586
General revenues:						
Property taxes	89,687	81,719	-	-	89,687	81,719
Franchise taxes	7,944	7,868	-	-	7,944	7,868
Sales tax	117,538	103,712	-	-	117,538	103,712
Hotel occupancy tax	16,267	16,928	-	-	16,267	16,928
Public service taxes	1,195	1,199	-	-	1,195	1,199
Investment earnings and other	31,952	36,092	5,855	11,735	37,807	47,827
Total revenues	<u>323,523</u>	<u>287,327</u>	<u>140,651</u>	<u>122,461</u>	<u>464,174</u>	<u>409,789</u>
Expenses:						
General government	54,392	48,574	-	-	54,392	48,574
Public safety	91,088	85,294	-	-	91,088	85,294
Public works	50,685	47,492	-	-	50,685	47,492
Culture and recreation	39,865	39,500	-	-	39,865	39,500
Interest on long-term debt	13,038	10,636	-	-	13,038	10,636
Issuance costs	-	731	-	-	-	731
Water and wastewater utility	-	-	81,885	75,164	81,885	75,164
Golf course	-	-	4,185	4,390	4,185	4,390
Total expenses	<u>249,068</u>	<u>232,227</u>	<u>86,070</u>	<u>79,554</u>	<u>335,138</u>	<u>311,781</u>
Increases in net position before transfers	74,455	55,099	54,581	42,907	129,036	98,008
Transfers	<u>6,151</u>	<u>5,885</u>	<u>(6,151)</u>	<u>(5,885)</u>	<u>-</u>	<u>-</u>
Increase in net position	80,606	60,984	48,430	37,022	129,036	98,008
Net position - beginning (2025 restated)	725,067	673,439	609,386	573,687	1,334,453	1,247,126
Net position - ending	<u>\$ 805,673</u>	<u>\$ 734,423</u>	<u>\$ 657,816</u>	<u>\$ 610,710</u>	<u>\$ 1,463,489</u>	<u>\$ 1,345,134</u>

**Governmental Activities**

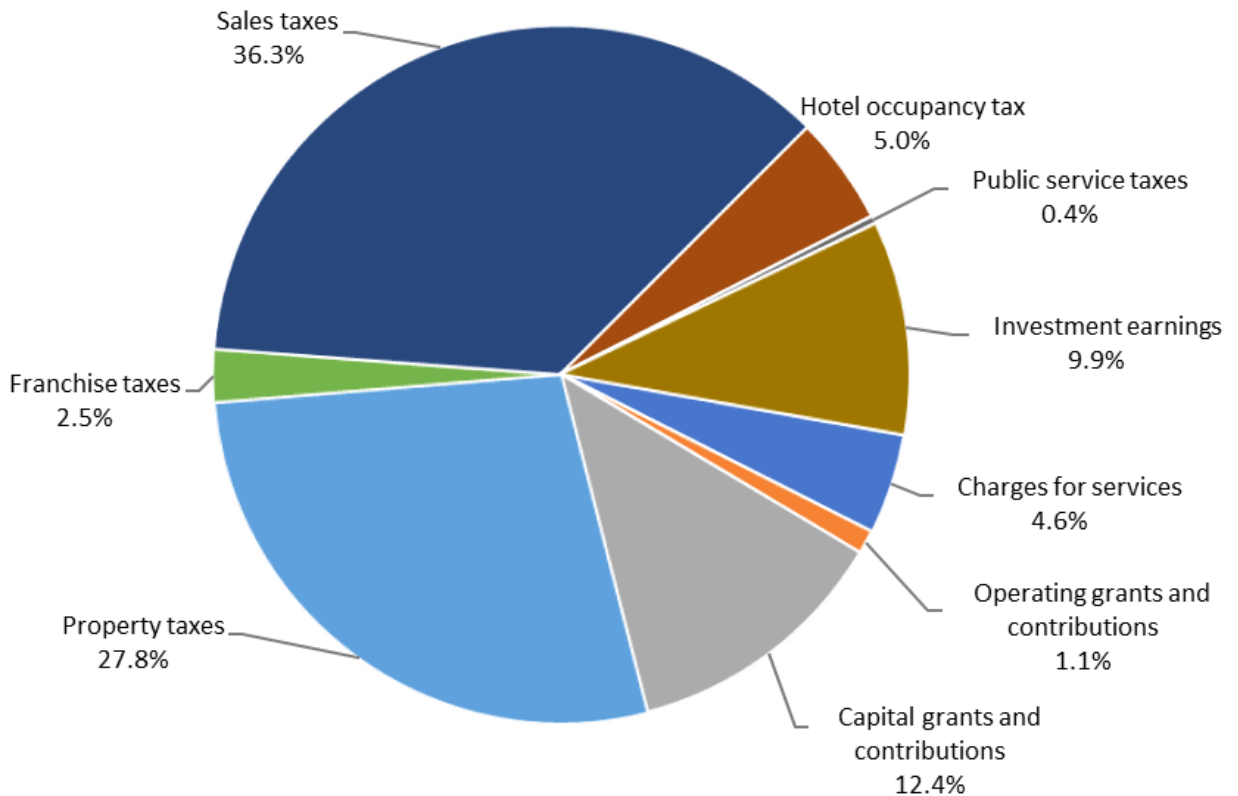
During the current fiscal year, governmental activities increased the City's net position by \$80,605,255 or 62.5% of the total increase in the net position of the City over the prior year. Key factors for the increase in net position are as follows:

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

**Revenues**

- Amounts received for property taxes increased from last year by 9.7% due primarily to \$746 million in new taxable property and a 5.3% increase in the property tax rate. The fiscal year 2025 tax rate of \$0.36 is 8.6% above the no-new-revenue rate of \$0.331466. Property tax makes up 33.9% of total general revenues.
- Sales tax collections of \$117.5 million was a 13.3% increase compared to prior year. Dell remains one of the City's top sales taxpayers for fiscal year 2025.
- Hotel occupancy tax (HOT) revenues totaled \$16.3 million compared to \$16.9 million in the prior year, down 3.9% from the prior year. The slight decrease is due to decreases in occupancy tax revenues from several extended stay and discount hotels in the city.
- Charges for services increased \$1.7 million, or 12.6% from the prior year. The increase was due to development fees, tree replacement fees, and fire inspection fees. Development fees vary from year-to-year due to timing and 2025 saw a significant increase over 2024.
- Grants and contribution revenues increased \$17.4 million over the prior year. The increase is due to higher intergovernmental contributions towards capital projects.
- Unrestricted investment earnings and other general revenues decreased \$4.1 million. The increase can be attributed to lower balances invested as funds have been spent on planned projects under construction..

**Revenues by Type - Governmental Activities**



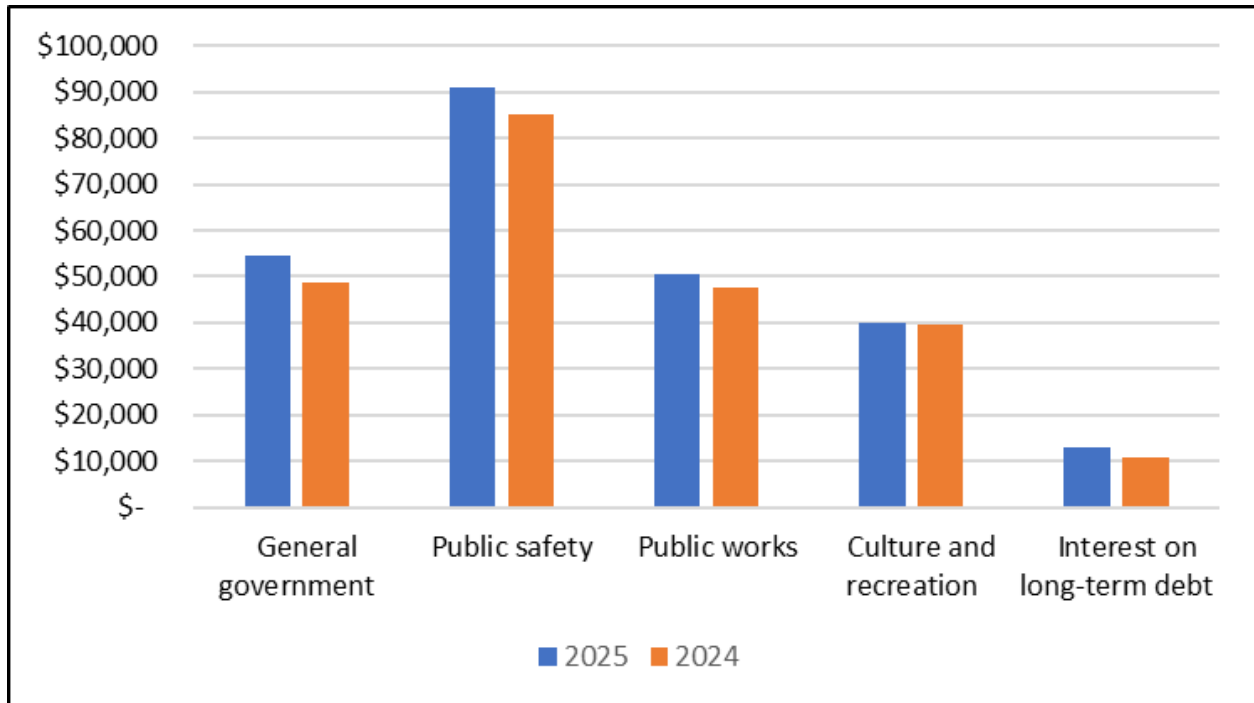
**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

**Expenses**

Expenses for governmental activities for the City totaled \$249,068,399 for the year ended September 30, 2025. Significant factors are listed below:

- General government costs increased \$5.8 million (12.0%) from \$48.6 million in 2024 to \$54.4 million in 2025.
- Public safety program costs including police and fire department activities totaled \$91.1 million, or 36.6% of total expenses for governmental activities. Total costs increased 6.8% over the prior year, due largely to personnel costs from new public safety positions and public safety salary increases.
- Public works program costs increased \$3.2 million, or 6.7%, compared to prior year. The increase is primarily a result of increased salary expenses.
- Culture and recreation increased \$0.4 million (0.9%) from \$39.5 million in 2024 to \$39.9 million in 2025.

**Expenses - Governmental Activities  
(in thousands)**



**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

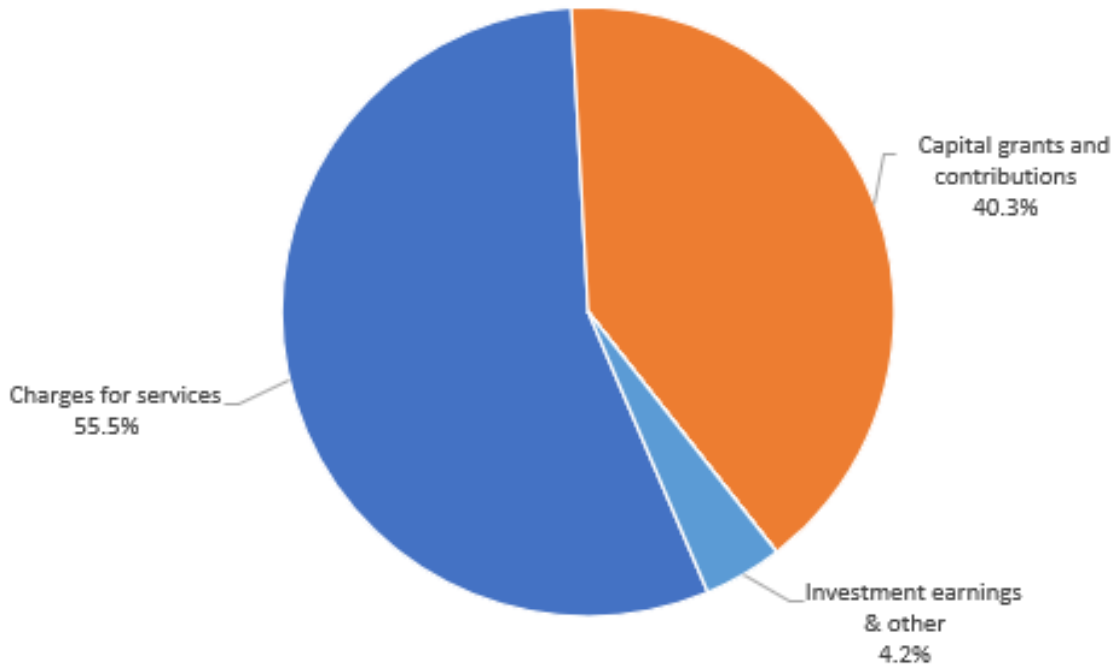
**Business-Type Activities**

Business-type activities increased the City's net position by \$48,430,060 or 37.5% of the total growth in the net position of the City over the prior year. This increase can be attributed to \$56.9 million in capital grants and contributions. Additionally, charges for services increased \$8.3 million, due to rate increases that went into effect in November 2024 and expenses increased by \$6.5 million over the prior year. Key factors for the increase in net position are as follows:

**Revenues**

Water revenues are seasonal and are impacted by weather fluctuations. Retail water, wastewater, and stormwater rate increases went into effect November 2024 which contributed to higher water revenues.

**Revenues - Business-Type Activities  
Water, Wastewater and Stormwater**



**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

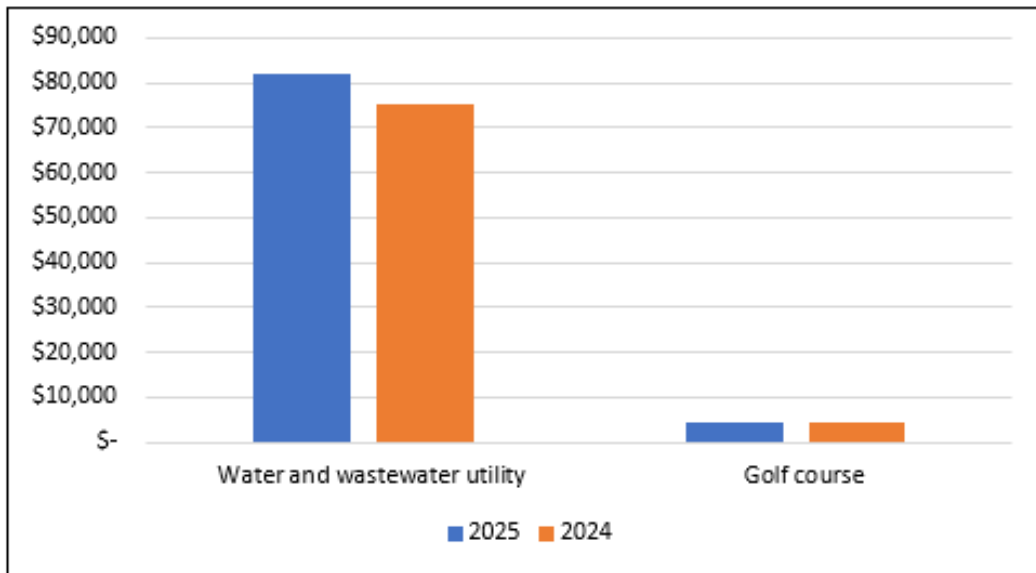
Comparative data for the past two fiscal years of the water, wastewater, and stormwater business-type activities is presented as follows:

	2025	2024
Operating revenues	\$ 73,292,662	\$ 65,400,556
Operating income (loss)	(6,032,191)	(7,592,363)
Income available for debt service	43,568,282	32,511,627
Annual debt service	5,952,331	5,948,181
Coverage	7.32	5.47

**Expenses**

Expenses of the business-type activities increased \$6.5 million over the prior year due to increased personnel costs related to new positions and increases to keep up with market as well as lower position vacancy rates and higher depreciation and amortization expense.

**Expenses - Business-Type Activities  
(in thousands)**



**Financial Analysis of the Government's Funds**

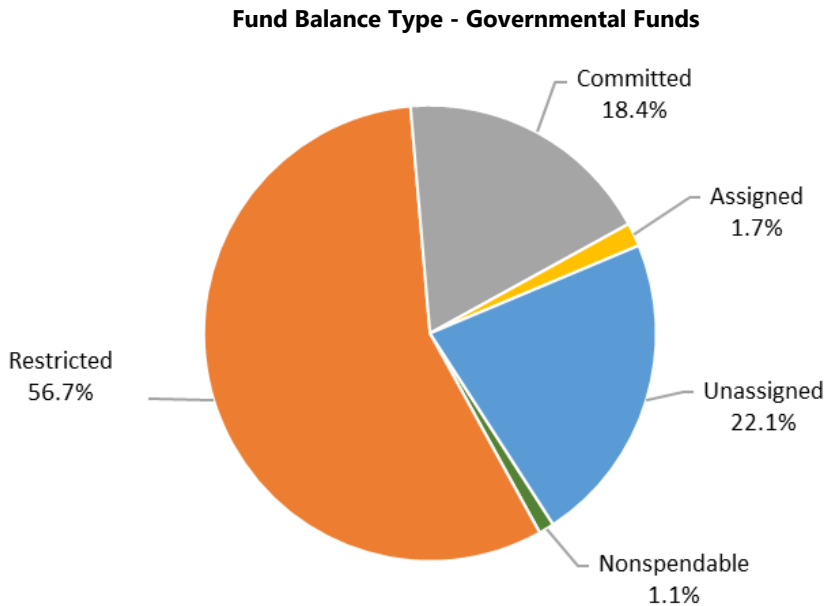
As noted earlier, the City of Round Rock uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

For the fiscal year ended September 30, 2025, the City's governmental funds reported combined ending fund balances of \$333,354,004. This is a decrease of \$9.4 million, or 2.7% from the prior year. Unassigned fund balance is \$73,741,726, or approximately 22.1% of the total fund balance amount, is available for spending at the City's discretion. \$5,551,279 is assigned to culture and recreation while \$61,417,767 of the fund balance is committed to either capital projects or special revenue projects/programs. The remainder of fund balance is restricted or non-spendable to indicate that it is not available for new spending because it has already been restricted to 1) pay debt service of \$4,194,434, 2) fund authorized construction of \$162,939,232, 3) other restricted purposes of \$21,828,573 or 4) non-spendable of \$3,680,993.



The General Fund is the primary operating fund of the City. At the close of the current fiscal year, fund balance of the General Fund reached \$74,508,494, of which \$73,741,726, or 99.0% of the total amount is unassigned. To measure the general fund's liquidity, it is useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represented 42.7% of total general fund expenditures.

During the current fiscal year, the fund balance of the General Fund increased by \$307,876. The General Fund's total revenues increased \$7,459,565 and exceeded the budget by \$3,550,573 primarily from higher franchise fees, increased recreation revenues due to higher demand for programs, and higher interest income due to the City's laddered investment strategy. The increase in revenues was offset by an increase in expenditures totaling \$19,725,619, a result of new General Fund positions added in 2025; salary increases to keep up with market wages; and increases in overall operating costs.

The Debt Service Fund had a total fund balance of \$1,812,005 at the end of the fiscal year, all of which is restricted for the payment of debt service. Fund balance decreased during the year by \$3,609,851 due to debt being fully paid off. Debt service expenditure requirements increased by \$1,450,239 during the fiscal year and were adequately funded by the debt service portion of the property tax rate and other contributions.

The fund balance of the RRTEDC Fund was \$133,609,723, a decrease of \$38,076,500 compared to the prior year. The decrease can be attributed to spending on capital project expenditures, as planned projects were constructed.

The fund balance of the Debt-Financed Capital Projects Fund was \$31,451,166, an increase of \$22,021,419 compared to the prior year as debt was issued, bringing in proceeds to fund future projects.

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

The fund balance of the Self-Financed Construction Fund was \$61,072,452, an increase of \$9,260,035 compared to the prior year. Sales tax revenues contributed to the fund were \$13.8 million, up from the prior year by \$2.8 million. The City has policies to limit General Fund dependency on sales tax by (1) limiting the percentage of general fund expenditures paid by sales tax to 45% and (2) limiting General Fund sales tax received from Dell to 15%. The balance is deposited in the General Self-Financed Construction Fund for pay-as-you-go, one-time capital expenditures. Capital project expenditures paid by this fund decreased by \$0.4 million.

The fund balance of the Roadway Impact Fees Fund fluctuates based on interest earned on cash funds that represent unearned revenues.

**Enterprise Funds**

The City's enterprise fund statements provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, total net position of the enterprise funds totaled \$656,268,095, an increase of \$48,670,017 over the prior year. Unrestricted net position of the funds totaled \$204,760,162 at September 30, 2025. The unrestricted net position represented 31.2% of the enterprise funds' total net position.

The Water and Wastewater Fund's net position increased \$48,414,570 over the prior year primarily due to an increase in contributed infrastructure. Operating revenues totaled \$73,292,662, compared to \$65,400,556 in the prior year due to an increase in retail water and wastewater rates that went into effect in November 2024 that resulted in higher water revenues. Operating expenses were \$79,324,853, an increase of \$6,331,934 over the prior year. The increase is a result of fewer personnel vacancies, as well as higher chemical costs and repairs.

The Golf Course Fund ended the year with a net position of \$12,000,098. Operating revenues totaled \$4,675,666, a 9.8% increase for the year, compared to \$4,259,813 in the prior year. Operating expenses were \$4,597,385, which is \$208,408 higher than the previous year. Mild weather conditions in 2025 and the popularity of golf in our region resulted in more rounds being played resulting in higher revenues and slightly higher operating costs.

**General Fund Budgetary Highlights**

One budget amendment was taken to City Council for the General Fund for the year ended September 30, 2025. The budget amendment increased funding in the Police Department to increase funding related to a public safety grant awarded to the City that was offset by the resulting increase in grant revenues.

**Capital Assets and Debt Administration**

**Capital Assets**

The City of Round Rock's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounted to \$1,566,497,670 (net of accumulated depreciation/amortization). This investment includes land, buildings and improvements (including infrastructure), machinery and equipment, right-to-use lease equipment, right-to-use subscriptions and construction in progress.

Major capital asset events for the year ended September 30, 2025, included the following:

Downtown Improvements

- Construction is underway on the Griffith Building Remodel and new Paseo with \$16.2 million spent to date.
- Design and land acquisition is underway on the Flats Park with \$4.7 million spent to date.
- Design is underway on the Town Green with \$415,000 spent to date.

Facility Improvements

- City facility improvements were completed at a cost of \$1.3 million.
- Information technology infrastructure upgrades were completed at a cost of \$513,000.

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

- Design is underway on the Bob Bennett Complex Expansion with \$4.6 million spent to date.
- Design is underway on the Clay Madsen Recreation Center Expansion and Renovation with \$1.5 million spent to date.
- Construction is complete on the new Fire Station #1 at a cost of \$9.6 million.
- Construction is underway on Fire Station #10 with \$2.2 million spent to date.
- Design is underway on Fire Station #11 with 214,000 spent to date.
- Design is underway on the Public Safety Training Center Driving Track and Classroom Expansion with \$1.7 million spent to date.
- Construction is underway on the Sports Center Expansion with \$18.8 million spent to date.
- Construction is complete on the Dell Diamond Renovation & Expansion at a cost of \$5.4 million.
- Design is under on the Multipurpose Sports Complex Expansion with \$3.1 million spent to date.

Park Improvements and Trails

- Construction is underway on multiple Old Settlers Park Improvements projects with \$44.6 million spent to date. These projects include the Lakeview Pavillion, Rock'N River Expansion, New Recreation Center, Track and Fields, Maintenance Yard, and Tennis and Pickleball Courts and are part of the 2023 voter approved bond program.
- Construction is underway on improvements to Old Settlers Park's main roadway, Harrell Parkway, with \$20.7 million spent to date.
- Construction of Heritage Trail West was completed at a cost of \$24.4 million.
- Expansion of other citywide trails is underway with \$7.7 million spent to date.
- Additional park and facility improvements were completed at a cost of \$539,000.

Transportation Improvements

- Major arterial, signal, and road projects for transportation are underway and at various stages of completion. Completed projects totaled \$32.2 million while construction in progress at year-end approximated \$100.2 million.
- Various neighborhood street improvement projects were completed at a cost of \$6.2 million.
- Developers contributed \$21.5 million for transportation infrastructure improvements.

Water, Wastewater, and Stormwater Improvements

- Various water and wastewater system improvement projects were completed and placed in service at a cost of \$10.5 million and similar projects were in progress with \$50.8 million spent to date.
- Various additional stormwater improvement projects are in process with \$3.2 million spent to date.
- Developers contributed \$34.2 million for water, wastewater, and stormwater system infrastructure improvements.

**Capital Assets  
(in thousands)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Land	\$ 138,158	\$ 136,538	\$ 13,315	\$ 9,523	\$ 151,473	\$ 146,061
Buildings and improvements	1,249,358	1,151,007	748,797	703,555	1,998,155	1,854,562
Machinery and equipment	118,933	111,299	22,628	21,819	141,561	133,118
Right-to-use lease equipment	4,404	773	702	496	5,106	1,269
Right-to-use subscription assets	15,781	9,365	-	-	15,781	9,365
Accumulated depreciation/amortization	(683,649)	(639,119)	(345,859)	(318,184)	(1,029,508)	(957,303)
Construction in progress	227,924	113,597	56,006	30,281	283,930	143,878
Total	<u>\$ 1,070,909</u>	<u>\$ 883,460</u>	<u>\$ 495,589</u>	<u>\$ 447,490</u>	<u>\$ 1,566,498</u>	<u>\$ 1,330,950</u>

Additional information on the City of Round Rock's capital assets can be found in Note IV (E) to the financial statements.

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

**Long-Term Debt**

At the end of the current fiscal year, the City of Round Rock had total debt outstanding of \$554,573,029. Of this amount, \$434,858,029 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured solely by specified revenue sources (i.e., revenue bonds).

During the current fiscal year, the City of Round Rock's total debt increased by \$91,849,435. Regularly scheduled debt principal was retired during 2025. The City also issued \$87,520,000 in general obligation bonds, series 2025; \$19,620,000 in certificates of obligation bonds, series 2025; and \$4,775,000 in limited tax notes, series 2025. Details of the new bond issues can be found in Note IV (F) to the financial statements.

**Long-Term Financing  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 237,350	\$ 158,870	\$ -	\$ -	\$ 237,350	\$ 158,870
Certificates of obligation	168,580	155,955	-	-	168,580	155,955
Limited tax notes	12,730	10,885	-	-	12,730	10,885
Hotel tax revenue bonds	5,335	6,040	-	-	5,335	6,040
Sales tax revenue bonds	35,065	37,065	-	-	35,065	37,065
State infrastructure bank loan	27,000	27,000	-	-	27,000	27,000
Excess sales tax liability	4,187	6,624	-	-	4,187	6,624
Leases	2,902	298	503	467	3,405	765
Subscriptions	8,607	5,321	-	-	8,607	5,321
Water and wastewater revenue bonds	-	-	52,315	56,175	52,315	56,175
<b>Total</b>	<b>\$ 501,756</b>	<b>\$ 408,058</b>	<b>\$ 52,818</b>	<b>\$ 56,642</b>	<b>\$ 554,574</b>	<b>\$ 464,700</b>

See Note IV (F) for long-term debt

The City of Round Rock benefits substantially in reduced interest costs resulting from the bond rating by Standard & Poor's of AAA for both General Obligation and the Utility Revenue bonds.

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter authorized by the Texas Constitution which limits the maximum tax rate, for all City purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of up to \$1.50 of the \$2.50 maximum tax rate for general obligation debt service. The revenues from this maximum tax rate would be sufficient to cover the debt service on over \$5.2 billion of bonds. Of the maximum tax rate for debt service of \$1.50, the City uses \$0.115243, or 7.7%. Of \$90,575,785 levied in property taxes for the fiscal year ended September 30, 2025, 99.68% of taxes levied were collected during the fiscal year. The City is conservative in how it issues debt and has adopted a "pay as you go" philosophy by using excess cash funds to fund current projects and issuing debt only when deemed necessary.

Additional information on the City's long-term debt can be found in Note IV (F) to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

The development of the City's budget is guided by several factors including the Council's Strategic Goals, prevailing economic conditions, and the continuing need to provide basic and improved customer services for a growing population. The fiscal year 2026 budget adopted by the City Council adheres to the City's financial policies and preserves

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

the City's strong financial position while providing excellent levels of service. During the creation of the 2026 budget process the City Manager and Executive team focused on various budget drivers in the decision-making process.

- Addressing Council's Strategic Goals
- Meeting the demands of growth with additions to maintain service levels
- Biennial citizen survey results
- Debt payments for new programs
- Competitive employee compensation and benefits
- Maintenance of parks, facilities, and streets
- Compliance with financial policies

Revenue assumptions, in general for fiscal year 2026, have been built based on a steady, stable economy.

The City's economy is expected to generate approximately \$111.5 million in sales tax revenue for fiscal year 2026. This amount includes the 0.5%, or \$32.0 million, in additional sales and use tax for roads and economic development. The remaining 1.5% is projected to generate \$79.5 million for general operations, property tax reduction, and capital projects.

The fiscal year 2026 (tax year 2025), certified taxable property value for Round Rock is \$26.7 billion, an increase of 5.5% from last year's \$25.3 billion. The adopted property tax rate for fiscal year 2026 is \$0.372 per \$100 of valuation. The tax rate is an increase of 2.4 cents over the no-new-revenue rate of \$0.348065, and below the voter approval rate of \$0.372075. The 2.4 cent increase over the no-new-revenue tax rate allows the City to provide funding for debt payments for general obligation bonds issued in 2025 and approved by voters in May 2023; 17 new public safety positions to keep up with growth and staff voter approved bond projects, and additional staffing in parks and recreation related to voter approved bond projects. With an adopted rate of \$0.372, the City continues to have the lowest tax rate in Central Texas and is among the lowest rates in the state for medium-sized cities.

The Water and Wastewater Utility operations are funded primarily through user fees. The City's utility infrastructure and service delivery systems have been carefully planned and have sufficiently met demand for a growing customer base. Water sales are conservatively estimated using customer base projections, while at the same time taking into account changing weather conditions. Water conservation and drought contingency programs continue to help the City conserve existing water sources. There are rate increases for retail water (5%) and wastewater (2%) budgeted for fiscal year 2026.

**Requests for Information**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, City of Round Rock, 221 East Main Street, Round Rock, Texas 78664.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF ROUND ROCK, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2025**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 49,298,962	\$ 53,984,178	\$ 103,283,140
Investments	114,412,464	114,819,564	229,232,028
Receivables (net of allowance for uncollectibles)-			
Property taxes	451,964	-	451,964
Accounts and other	9,132,051	13,132,171	22,264,222
Accrued interest	645,683	682,121	1,327,804
Intergovernmental	-	3,149,746	3,149,746
Grants	126,777	463,549	590,326
Internal balances	(1,112,373)	1,112,373	-
Inventories	1,162,568	2,233,543	3,396,111
Prepaid items	3,025,437	788,237	3,813,674
Restricted assets -			
Cash and cash equivalents	93,783,928	4,281,510	98,065,438
Investments	111,489,170	6,819,248	118,308,418
Property tax receivable	258,650	-	258,650
Accounts and other	2,429,698	-	2,429,698
Accrued interest	18,347,159	38,512	18,385,671
Notes receivable	1,750,000	6,800,000	8,550,000
Investment in joint venture	-	37,385,598	37,385,598
Capital assets -			
Land and construction in progress	366,081,094	69,320,456	435,401,550
Capital assets, net of accumulated depreciation/amortization	704,827,719	426,268,401	1,131,096,120
Total assets	<u>1,476,110,951</u>	<u>741,279,207</u>	<u>2,217,390,158</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on refundings	-	2,908,467	2,908,467
Deferred outflows related to pensions	23,438,239	3,336,938	26,775,177
Deferred outflows related to OPEB	2,024,487	288,229	2,312,716
Total deferred outflows of resources	<u>25,462,726</u>	<u>6,533,634</u>	<u>31,996,360</u>

The accompanying notes are an integral part of this financial statement.

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	\$ 42,229,323	\$ 12,903,074	\$ 55,132,397
Accrued payroll	7,059,208	1,038,720	8,097,928
Unearned revenue	18,949,561	3,571,541	22,521,102
Accrued interest payable	2,941,797	318,159	3,259,956
Customer deposits	-	1,182,070	1,182,070
Due within one year			
Net pension liability	2,736,880	389,654	3,126,534
Total OPEB liability	907,923	129,262	1,037,185
Bonds, notes, leases, compensated absences	37,274,662	4,921,712	42,196,374
Due in more than one year			
Net pension liability	52,000,722	7,403,423	59,404,145
Total OPEB liability	17,250,532	2,455,986	19,706,518
Bonds, notes, leases, compensated absences	505,949,100	54,461,029	560,410,129
Total liabilities	<u>687,299,708</u>	<u>88,774,630</u>	<u>776,074,338</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on refundings	20,307	-	20,307
Deferred inflows related to pensions	4,604,103	655,494	5,259,597
Deferred inflows related to OPEB	3,977,120	566,227	4,543,347
Total deferred inflows of resources	<u>8,601,530</u>	<u>1,221,721</u>	<u>9,823,251</u>
<b>NET POSITION</b>			
Net investment in capital assets	582,858,078	441,526,983	1,024,385,061
Restricted for -			
Debt service	4,194,434	185,764	4,380,198
Capital projects	129,716,191	9,795,186	139,511,377
Hotel-motel tax	18,899,887	-	18,899,887
Public safety	1,225,291	-	1,225,291
General government	1,703,395	-	1,703,395
Unrestricted	<u>67,075,163</u>	<u>206,308,557</u>	<u>273,383,720</u>
Total net position	<u>\$ 805,672,439</u>	<u>\$ 657,816,490</u>	<u>\$ 1,463,488,929</u>

**CITY OF ROUND ROCK, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

<b>Functions/Programs</b>	Expenses	<b>Program Revenues</b>		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 54,391,829	\$ 3,581,349	\$ 3,608,076	\$ -
Public safety	91,088,679	2,000,227	24,000	-
Public works	50,684,509	1,437,410	-	39,497,591
Culture and recreation	39,865,413	8,009,697	2,752	778,366
Interest on long-term debt	13,037,969	-	-	-
Total governmental activities	<u>249,068,399</u>	<u>15,028,683</u>	<u>3,634,828</u>	<u>40,275,957</u>
<b>Business-type activities:</b>				
Water and wastewater utility	81,884,591	73,409,151	-	56,527,832
Golf course	4,184,836	4,675,666	-	183,216
Total business-type activities	<u>86,069,427</u>	<u>78,084,817</u>	<u>-</u>	<u>56,711,048</u>
<b>Total primary government</b>	<u>\$ 335,137,826</u>	<u>\$ 93,113,500</u>	<u>\$ 3,634,828</u>	<u>\$ 96,987,005</u>

The accompanying notes are an integral part of this financial statement.

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>			
General government	\$ (47,202,404)	\$ -	\$ (47,202,404)
Public safety	(89,064,452)	-	(89,064,452)
Public works	(9,749,508)	-	(9,749,508)
Culture and recreation	(31,074,598)	-	(31,074,598)
Interest on long-term debt	(13,037,969)	-	(13,037,969)
Total governmental activities	(190,128,931)	-	(190,128,931)
<b>Business-type activities:</b>			
Water and wastewater utility	-	48,052,392	48,052,392
Golf course	-	674,046	674,046
Total business-type activities	-	48,726,438	48,726,438
<b>Total primary government</b>	<b>(190,128,931)</b>	<b>48,726,438</b>	<b>(141,402,493)</b>
<b>General revenues:</b>			
Taxes:			
Property taxes, levied for general purpose	63,451,938	-	63,451,938
Property taxes, levied for debt service	26,234,746	-	26,234,746
Franchise taxes	7,944,027	-	7,944,027
Sales taxes	117,537,885	-	117,537,885
Hotel occupancy tax	16,267,328	-	16,267,328
Public service taxes	1,195,340	-	1,195,340
Unrestricted investment earnings and other	31,951,622	5,854,922	37,806,544
<b>Transfers</b>	<b>6,151,300</b>	<b>(6,151,300)</b>	<b>-</b>
Total general revenues and transfers	270,734,186	(296,378)	270,437,808
Change in net position	80,605,255	48,430,060	129,035,315
<b>Net position-beginning</b>	<b>734,423,060</b>	<b>610,708,914</b>	<b>1,345,131,974</b>
<b>Restatement</b>	<b>(9,355,876)</b>	<b>(1,322,484)</b>	<b>(10,678,360)</b>
<b>Net position-beginning, as restated</b>	<b>725,067,184</b>	<b>609,386,430</b>	<b>1,334,453,614</b>
<b>Net position-ending</b>	<b>\$ 805,672,439</b>	<b>\$ 657,816,490</b>	<b>\$ 1,463,488,929</b>

**CITY OF ROUND ROCK, TEXAS  
GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2025**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 23,491,741	\$ -	\$ -
Investments	54,504,381	-	-
Receivables (net of allowance for uncollectibles) -			
Property taxes, including interest and penalties	451,964	-	-
Accounts and other	9,507,636	-	-
Interfund	-	5,497	-
Grants	86,867	-	-
Inventories	485,861	-	-
Prepaid items	280,907	-	-
Restricted assets -			
Cash and cash equivalents	-	1,807,905	42,747,100
Investments	-	-	89,084,489
Receivables -			
Property taxes, including interest and penalties	-	258,650	-
Sales tax	-	-	2,429,698
Restricted accounts and other	-	-	17,110,748
Notes receivable	-	-	1,750,000
Total assets	\$ 88,809,357	\$ 2,072,052	\$ 153,122,035
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities -			
Accounts payable	\$ 6,669,510	\$ -	\$ 19,298,694
Accrued payroll	6,857,812	-	-
Interfund payables	5,497	-	-
Unearned revenue	316,080	-	213,618
Total liabilities	13,848,899	-	19,512,312
Deferred inflows of resources -			
Unavailable revenue - property taxes	451,964	260,047	-
Total deferred inflows of resources	451,964	260,047	-
Fund balances -			
Nonspendable	766,768	-	-
Restricted - debt service	-	1,812,005	2,382,429
Restricted - authorized construction	-	-	131,227,294
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Restricted - general government	-	-	-
Committed - capital projects funds	-	-	-
Assigned - culture and recreation	-	-	-
Unassigned	73,741,726	-	-
Total fund balances	74,508,494	1,812,005	133,609,723
Total liabilities, deferred inflows of resources and fund balances	\$ 88,809,357	\$ 2,072,052	\$ 153,122,035

The accompanying notes are an integral part of this financial statement.

Debt-Financed Capital Projects Fund	Self-Financed Construction Fund	Roadway Impact Fees Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 19,663,339	\$ -	\$ 2,599,787	\$ 45,754,867
-	45,648,516	-	6,031,936	106,184,833
-	-	-	-	451,964
-	190,507	-	35,629	9,733,772
-	436,022	-	-	441,519
-	16,047	-	23,863	126,777
676,707	-	-	-	1,162,568
1,636,412	567,130	-	33,976	2,518,425
38,573,094	-	3,144,612	7,511,217	93,783,928
-	-	7,300,230	15,104,451	111,489,170
-	-	-	-	258,650
-	-	-	-	2,429,698
-	-	41,270	1,195,141	18,347,159
-	-	-	-	1,750,000
<u>\$ 40,886,213</u>	<u>\$ 66,521,561</u>	<u>\$ 10,486,112</u>	<u>\$ 32,536,000</u>	<u>\$ 394,433,330</u>
\$ 9,435,047	\$ 5,449,109	\$ -	\$ 301,393	\$ 41,153,753
-	-	-	200,692	7,058,504
-	-	-	-	5,497
-	-	9,512,511	2,107,352	12,149,561
<u>9,435,047</u>	<u>5,449,109</u>	<u>9,512,511</u>	<u>2,609,437</u>	<u>60,367,315</u>
-	-	-	-	712,011
-	-	-	-	712,011
2,313,119	567,130	-	33,976	3,680,993
-	-	-	-	4,194,434
29,138,047	-	973,601	1,600,290	162,939,232
-	-	-	18,899,887	18,899,887
-	-	-	1,225,291	1,225,291
-	-	-	1,703,395	1,703,395
-	60,505,322	-	912,445	61,417,767
-	-	-	5,551,279	5,551,279
-	-	-	-	73,741,726
<u>31,451,166</u>	<u>61,072,452</u>	<u>973,601</u>	<u>29,926,563</u>	<u>333,354,004</u>
<u>\$ 40,886,213</u>	<u>\$ 66,521,561</u>	<u>\$ 10,486,112</u>	<u>\$ 32,536,000</u>	<u>\$ 394,433,330</u>

**CITY OF ROUND ROCK, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2025**

**Total Fund Balances - Governmental Funds** \$ 333,354,004

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$	138,157,534	
Construction in progress		227,923,560	
Building and improvements		1,249,358,764	
Equipment and right-to-use assets		139,117,817	
Accumulated depreciation/amortization		<u>(683,648,862)</u>	
Total capital assets	\$	<u>1,070,908,813</u>	1,070,908,813

Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds. (20,307)

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

Deferred outflows - pension related	\$	23,438,239	
Deferred outflows - OPEB related		2,024,487	
Deferred inflows - pension related		(4,604,103)	
Deferred inflows - OPEB related		<u>(3,977,120)</u>	
	\$	<u>16,881,503</u>	16,881,503

Property tax revenues collected in advance of the fiscal year to which they apply are recorded as deferred inflows of resources in the funds and recognized as revenue of the period to which they apply. 712,011

Internal service funds are used by management to charge the costs of self-funded insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 9,698,734

Unearned revenue associated with long-term economic development agreements are not a current financial resource and, therefore, are not reported in the funds. (6,800,000)

Accrued interest payable in the governmental funds are not recognized because they are not paid within the prescribed time period after year end. (2,941,797)

Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. They are detailed in Note III (A). (616,120,522)

**Net Position of Governmental Activities** \$ 805,672,439

The accompanying notes are an integral part of this financial statement.



**CITY OF ROUND ROCK, TEXAS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2025**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
<b>Revenues -</b>			
Taxes and franchise, including interest and penalties	\$ 141,852,591	\$ 26,249,446	\$ 31,910,026
Licenses, permits and fees	3,114,238	-	-
Charges for services	6,148,801	-	-
Fines and forfeitures	1,246,705	-	-
Intergovernmental	3,131,025	-	-
Hotel occupancy tax	-	-	-
Contributions	-	-	17,982,356
Investment and other	9,697,574	754,827	7,599,942
Total revenues	<u>165,190,934</u>	<u>27,004,273</u>	<u>57,492,324</u>
<b>Expenditures -</b>			
Current -			
General government	34,339,295	-	4,842,909
Public safety	92,869,524	-	-
Public works	22,427,987	-	551,728
Culture and recreation	22,901,087	-	-
Debt service -			
Principal retirement	-	21,670,000	-
Interest and fiscal charges	-	12,895,559	-
Issuance costs	-	-	-
Capital projects	-	-	108,435,355
Total expenditures	<u>172,537,893</u>	<u>34,565,559</u>	<u>113,829,992</u>
Excess (deficiency) of revenues over expenditures	<u>(7,346,959)</u>	<u>(7,561,286)</u>	<u>(56,337,668)</u>
<b>Other financing sources (uses) -</b>			
Issuance of debt/leases/SBITA	10,482,035	-	-
Issuance of premium	-	-	-
Transfers in	7,954,300	6,882,124	26,338,854
Transfers out	<u>(10,781,500)</u>	<u>(2,930,689)</u>	<u>(8,077,686)</u>
Total other financing sources (uses)	<u>7,654,835</u>	<u>3,951,435</u>	<u>18,261,168</u>
Net change in fund balances	307,876	(3,609,851)	(38,076,500)
<b>Fund balances, October 1, 2024</b>	<u>74,200,618</u>	<u>5,421,856</u>	<u>171,686,223</u>
<b>Fund balances, September 30, 2025</b>	<u>\$ 74,508,494</u>	<u>\$ 1,812,005</u>	<u>\$ 133,609,723</u>

The accompanying notes are an integral part of this financial statement.

Debt-Financed Capital Projects Fund	Self-Financed Construction Fund	Roadway Impact Fees Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 13,841,819	\$ -	\$ 122,495	\$ 213,976,377
-	-	-	821,513	3,935,751
-	-	-	3,423,701	9,572,502
-	-	-	273,725	1,520,430
-	776,440	-	10,061,138	13,968,603
-	-	-	16,250,961	16,250,961
-	-	-	4,678	17,987,034
2,056,488	1,964,602	352,906	1,429,116	23,855,455
2,056,488	16,582,861	352,906	32,387,327	301,067,113
-	616,272	-	378,580	40,177,056
-	1,423,663	-	56,675	94,349,862
-	53,343	-	-	23,033,058
-	112,250	-	18,792,285	41,805,622
-	-	-	-	21,670,000
362,944	-	-	-	13,258,503
514,947	-	-	-	514,947
70,658,151	26,581,692	-	2,489,461	208,164,659
71,536,042	28,787,220	-	21,717,001	442,973,707
(69,479,554)	(12,204,359)	352,906	10,670,326	(141,906,594)
111,915,000	-	-	-	122,397,035
3,972,073	-	-	-	3,972,073
-	21,464,394	-	1,652,935	64,292,607
(24,386,100)	-	-	(11,965,332)	(58,141,307)
91,500,973	21,464,394	-	(10,312,397)	132,520,408
22,021,419	9,260,035	352,906	357,929	(9,386,186)
9,429,747	51,812,417	620,695	29,568,634	342,740,190
\$ 31,451,166	\$ 61,072,452	\$ 973,601	\$ 29,926,563	\$ 333,354,004

**CITY OF ROUND ROCK, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2025**

**Net Change in Fund Balances-Total Governmental Funds** \$ (9,386,186)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization. They are detailed in Note III (B). 169,870,612

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position. They are detailed in Note III (B). 17,578,249

Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (50,461)

The issuance of long-term debt (i.e. bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. They are detailed in Note III (B). (90,226,961)

Governmental funds do not report recognition of increases to lease or subscription debt. In contrast, the Statement of Activities treats these as increases in long-term liabilities. (10,482,035)

Governmental funds report repayment of leases and subscriptions principal as expenditures. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. 4,591,921

Unearned revenue related to Kalahari project land acquisition was partially released for land rights transferred back to the City's business-type activities. The transaction is not a current financial resource and is not reported in the governmental funds. 3,792,029

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These are detailed in Note III (B) and include:

Pension costs, net	(3,340,803)
OPEB costs, net	421,969
Interest and employee expense	(860,482)

Internal service funds are used to charge the costs of self-funded insurance to the individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities. (1,302,597)

**Change in Net Position of Governmental Activities** **\$ 80,605,255**

The accompanying notes are an integral part of this financial statement.



**CITY OF ROUND ROCK, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 53,372,976	\$ 611,202	\$ 53,984,178	\$ 3,544,096
Investments	114,211,427	608,137	114,819,564	8,227,631
Receivables (net of allowance for uncollectibles of \$1,458,807) -				
Accounts and other	13,086,408	45,763	13,132,171	-
Accrued interest	680,005	2,116	682,121	43,962
Intergovernmental	3,149,746	-	3,149,746	-
Grants	463,549	-	463,549	-
Inventories	2,233,543	-	2,233,543	-
Prepaid items	603,623	184,614	788,237	507,012
Total current assets	<u>187,801,277</u>	<u>1,451,832</u>	<u>189,253,109</u>	<u>12,322,701</u>
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	1,915,509	-	1,915,509	-
Construction	7,841,165	-	7,841,165	-
Customer deposits	1,158,320	-	1,158,320	-
Revenue bond covenant accounts	185,764	-	185,764	-
Restricted accrued interest	38,512	-	38,512	-
Notes receivable	6,800,000	-	6,800,000	-
Investment in joint venture	37,385,598	-	37,385,598	-
Capital assets:				
Land and construction in progress	65,016,142	4,304,314	69,320,456	-
Capital assets being depreciated/amortized	418,766,314	7,502,087	426,268,401	-
Total capital assets (net of accumulated depreciation/amortization of \$345,858,960)	<u>483,782,456</u>	<u>11,806,401</u>	<u>495,588,857</u>	<u>-</u>
Total noncurrent assets	<u>539,107,324</u>	<u>11,806,401</u>	<u>550,913,725</u>	<u>-</u>
Total assets	<u>726,908,601</u>	<u>13,258,233</u>	<u>740,166,834</u>	<u>12,322,701</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on refundings	2,908,467	-	2,908,467	-
Deferred outflows related to pensions	3,336,938	-	3,336,938	-
Deferred outflows related to OPEB	288,229	-	288,229	-
Total deferred outflows of resources	<u>6,533,634</u>	<u>-</u>	<u>6,533,634</u>	<u>-</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS  
 PROPRIETARY FUNDS (CONTINUED)  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2025**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 12,805,840	\$ 97,234	\$ 12,903,074	\$ 1,075,572
Accrued payroll	984,358	54,362	1,038,720	-
Accrued compensated absences	371,288	-	371,288	-
Unearned revenue	3,404,018	167,523	3,571,541	-
Accrued interest	318,159	-	318,159	-
Customer deposits	1,182,070	-	1,182,070	-
Interfund payable	-	436,022	436,022	-
Lease payable	-	174,016	174,016	-
Net pension liability	389,654	-	389,654	-
Total OPEB liability	129,262	-	129,262	-
Bonds payable	4,376,408	-	4,376,408	-
Total current liabilities	<u>23,961,057</u>	<u>929,157</u>	<u>24,890,214</u>	<u>1,075,572</u>
Noncurrent liabilities:				
Net pension liability	7,403,423	-	7,403,423	-
Total OPEB liability	2,455,986	-	2,455,986	-
Noncurrent accrued compensated absences	2,041,112	-	2,041,112	-
Lease payable	-	328,978	328,978	-
Bonds payable	52,090,939	-	52,090,939	-
Total noncurrent liabilities	<u>63,991,460</u>	<u>328,978</u>	<u>64,320,438</u>	<u>-</u>
Total liabilities	<u>87,952,517</u>	<u>1,258,135</u>	<u>89,210,652</u>	<u>1,075,572</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	655,494	-	655,494	-
Deferred inflows related to OPEB	566,227	-	566,227	-
Total deferred inflows of resources	<u>1,221,721</u>	<u>-</u>	<u>1,221,721</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	430,223,576	11,303,407	441,526,983	-
Restricted for:				
Debt service	185,764	-	185,764	-
Capital projects	9,795,186	-	9,795,186	-
Unrestricted	204,063,471	696,691	204,760,162	11,247,129
Total net position	<u>\$ 644,267,997</u>	<u>\$ 12,000,098</u>	<u>656,268,095</u>	<u>\$ 11,247,129</u>
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the cumulative net profit of the internal service fund that was allocated to enterprise fund functions.			<u>1,548,395</u>	
Net position of business-type activities			<u>\$ 657,816,490</u>	

**CITY OF ROUND ROCK, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 YEAR ENDED SEPTEMBER 30, 2025**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
<b>Operating revenues -</b>				
Charges for services	\$ 65,460,046	\$ 4,675,666	\$ 70,135,712	\$ 19,973,484
Licenses, permits, and fees	7,832,616	-	7,832,616	-
Total revenues	<u>73,292,662</u>	<u>4,675,666</u>	<u>77,968,328</u>	<u>19,973,484</u>
<b>Operating expenses -</b>				
Personnel services	19,201,634	-	19,201,634	-
Contractual services	25,621,177	3,746,186	29,367,363	3,996,986
Supplies	2,141,878	-	2,141,878	55
Repair and maintenance	1,808,038	-	1,808,038	358
Heat, light and power	2,847,327	62,659	2,909,986	9,585
Claims expense	-	-	-	18,455,165
Depreciation and amortization	27,704,799	788,540	28,493,339	-
Total operating expenses	<u>79,324,853</u>	<u>4,597,385</u>	<u>83,922,238</u>	<u>22,462,149</u>
Operating income (loss)	<u>(6,032,191)</u>	<u>78,281</u>	<u>(5,953,910)</u>	<u>(2,488,665)</u>
<b>Nonoperating revenues (expenses) -</b>				
Investment and other revenues	21,895,674	29,919	21,925,593	946,111
Interest and fiscal charges	(1,994,731)	(35,969)	(2,030,700)	-
Total nonoperating revenues (expenses)	<u>19,900,943</u>	<u>(6,050)</u>	<u>19,894,893</u>	<u>946,111</u>
Income before contributions and transfers	<u>13,868,752</u>	<u>72,231</u>	<u>13,940,983</u>	<u>(1,542,554)</u>
<b>Contributions and transfers -</b>				
Contributions - impact fees	4,868,184	-	4,868,184	-
Contributions - infrastructure	34,216,696	-	34,216,696	-
Contributions - other	1,612,238	183,216	1,795,454	-
Transfers out	(6,151,300)	-	(6,151,300)	-
Total contributions and transfers	<u>34,545,818</u>	<u>183,216</u>	<u>34,729,034</u>	<u>-</u>
Change in net position	<u>48,414,570</u>	<u>255,447</u>	<u>48,670,017</u>	<u>(1,542,554)</u>
<b>Net position, October 1, 2024</b>	597,175,911	11,744,651		12,789,683
<b>Restatement</b>	(1,322,484)	-		-
<b>Net position, October 1, 2024, as restated</b>	<u>595,853,427</u>	<u>11,744,651</u>		<u>12,789,683</u>
<b>Net position, September 30, 2025</b>	<u>\$ 644,267,997</u>	<u>\$ 12,000,098</u>		<u>\$ 11,247,129</u>

Reconciliation to government-wide statement of activities:

Adjustment to reflect the net profit of the internal service fund that was allocated to enterprise fund functions	(239,957)
Change in net position of business-type activities	<u>\$ 48,430,060</u>

The accompanying notes are an integral part of this financial statement.



**CITY OF ROUND ROCK, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED SEPTEMBER 30, 2025**

	Business-Type Activities- Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 66,880,166	\$ 4,744,043	\$ 71,624,209	\$ 2,110,128
Cash received from other funds for services provided	-	-	-	17,893,991
Cash payments to suppliers for goods and services	(29,898,402)	(4,030,437)	(33,928,839)	(22,603,231)
Cash payments to employees for services	(18,466,451)	-	(18,466,451)	-
Net cash provided (used) by operating activities	18,515,313	713,606	19,228,919	(2,599,112)
<b>Cash flows from noncapital financing activities:</b>				
Transfers to other funds	(6,151,300)	-	(6,151,300)	-
Net cash provided (used) by noncapital financing activities	(6,151,300)	-	(6,151,300)	-
<b>Cash flows from capital and related financing activities:</b>				
Proceeds from sale of capital assets	181,324	-	181,324	-
Acquisition and construction of capital assets	(37,801,058)	(389,243)	(38,190,301)	-
Investment in joint venture	(11,176,463)	-	(11,176,463)	-
Principal paid on revenue bonds	(4,191,408)	-	(4,191,408)	-
Interest paid on revenue, certificates of obligation bonds, and leases	(2,025,294)	(35,969)	(2,061,263)	-
Contributions and grant proceeds	17,442,952	-	17,442,952	-
Impact fees	4,868,184	-	4,868,184	-
Net cash provided (used) by capital and related financing activities	(32,701,763)	(425,212)	(33,126,975)	-
<b>Cash flows from investing activities:</b>				
Purchase of investments	-	(288,423)	(288,423)	-
Proceeds from sale and maturities of investments	14,810,781	-	14,810,781	2,202,921
Investment and other income	9,180,903	30,512	9,211,415	967,990
Net cash provided (used) by investing activities	23,991,684	(257,911)	23,733,773	3,170,911
Net increase (decrease) in cash and cash equivalents	3,653,934	30,483	3,684,417	571,799
<b>Cash and cash equivalents at beginning of year</b>	54,000,552	580,719	54,581,271	2,972,297
<b>Cash and cash equivalents at end of year</b>	\$ 57,654,486	\$ 611,202	\$ 58,265,688	\$ 3,544,096

**CITY OF ROUND ROCK, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS (CONTINUED)  
 YEAR ENDED SEPTEMBER 30, 2025**

	Business-Type Activities- Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
<b>Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Position</b>				
Cash and cash equivalents	\$ 53,372,976	\$ 611,202	\$ 53,984,178	\$ 3,544,096
Restricted assets -				
Cash and cash equivalents	4,281,510	-	4,281,510	-
Cash and cash equivalents	<u>\$ 57,654,486</u>	<u>\$ 611,202</u>	<u>\$ 58,265,688</u>	<u>\$ 3,544,096</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (6,032,191)	\$ 78,281	\$ (5,953,910)	\$ (2,488,665)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation & amortization	27,704,799	788,540	28,493,339	-
Provision for bad debts	171,642	-	171,642	-
Joint venture loss	4,519,051	-	4,519,051	-
(Increase) decrease in:				
Receivables	(1,141,557)	32,625	(1,108,932)	30,635
Inventory	(1,287,499)	-	(1,287,499)	-
Other assets	(132,452)	10,960	(121,492)	2,000
Pension related deferred outflows	496,051	-	496,051	-
OPEB related deferred outflows	(76,454)	-	(76,454)	-
Increase (decrease) in:				
Accounts payable	(579,083)	(232,552)	(811,635)	(143,082)
Customer deposits	(33,877)	-	(33,877)	-
Accrued payroll	74,470	-	74,470	-
Unearned Revenue	(5,408,703)	35,752	(5,372,951)	-
Pension related deferred inflows	655,494	-	655,494	-
OPEB related deferred inflows	(93,597)	-	(93,597)	-
Net pension liability	(542,591)	-	(542,591)	-
Total OPEB liability	221,810	-	221,810	-
Total adjustments	<u>24,547,504</u>	<u>635,325</u>	<u>25,182,829</u>	<u>(110,447)</u>
<b>Net cash provided (used) by operations</b>	<u>\$ 18,515,313</u>	<u>\$ 713,606</u>	<u>\$ 19,228,919</u>	<u>\$ (2,599,112)</u>

**NOTES:**

Noncash capital and related financing activities:

In fiscal year 2025, the Water and Wastewater Fund had \$34,216,696 in capital assets contributed, recognized a change of \$33,353 in fair value of investments, and a change of \$(4,519,051) in joint venture net position.



**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Round Rock, Texas (the City) is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government. The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below, and where appropriate, subsequent pronouncements will be referenced.

**A. REPORTING ENTITY**

The City provides various services and performs many different functions. These include a police force, a fire fighting and protection force, emergency medical services, a park and recreation system, a municipal golf course, a public library, convention and tourism support, planning and zoning, a transportation system, and a waterworks and wastewater utility system. The City's staff provides the necessary support for the services provided. All are responsible to the citizens of Round Rock and are therefore included within the reporting entity.

As required by generally accepted accounting principles, these financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City.

**Blended Component Unit**

The Round Rock Transportation and Economic Development Corporation (RRTEDC) is a blended component unit presented as a major special revenue fund of the City and does not issue separate financial statements. The governing body of the RRTEDC consists of a seven-member board appointed by the City Council. The blended component unit provides services entirely to the City for financial and economic benefits. The purpose of the RRTEDC is to utilize sales tax revenues for economic development by the improvement of the City's transportation system and payment of economic development incentives, covered under local government code. The City Council maintains budgetary control for the RRTEDC.

A five-year project spending plan is presented and adopted at least annually to ensure adequate funds are available for transportation, economic development and other allowed uses of RRTEDC funds. This five-year plan is reviewed by staff at least bi-annually and updates are presented to the RRTEDC board as needed for transportation capital improvements programs, economic incentive programs, and other legally allowable projects approved by the RRTEDC board and ratified by Council.

**B. BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. GASB Statement No. 34 requires certain supplementary information. Management's Discussion and Analysis includes an analytical overview of the City's financial activities. In addition, budgetary comparison statements are presented that compare the adopted and amended budgets of the General Fund, the Round Rock Transportation and Economic Development Corporation Fund, and the Roadway Impact Fees Fund with their actual results.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Government-wide Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component unit. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are funded by fees and charges for services.

The City's statement of net position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. In addition, the government-wide statement of activities reflects depreciation and amortization expense on the City's capital assets, including infrastructure.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or franchise taxes, intergovernmental revenues, interest income, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories and the component unit. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

**Fund Financial Statements**

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds (i.e., funds whose revenues, expenditures/expenses, assets, or liabilities are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount for all governmental and enterprise funds). The major governmental funds are the General Fund, the Debt Service Fund, the Round Rock Transportation and Economic Development Corporation Fund, the Debt-Financed Capital Projects Fund, Self-Financed Construction Fund, and the Roadway Impact Fees Fund. The nonmajor funds are combined in a separate column in the fund financial statements.

The Internal Service Fund, which provides services to the other funds of the government, is presented as part of the proprietary fund financial statements. The net income (loss) of the Internal Service Fund is allocated between governmental and business-type activities. Because the principal users are the City's governmental activities, financial statements of the Internal Service Fund are consolidated into the governmental column when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity (general government, public safety, public works, etc.).

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**C. GOVERNMENTAL FUND TYPES**

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those, if any, which should be accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination. The City maintains the following governmental fund types:

The **General Fund** accounts for financial resources in use for general types of operations, which are not encompassed within other funds. The General Fund is considered a major fund in the fund financial statements.

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

There are nine (9) groups of funds within the Special Revenue Funds which account for the activities related to grant programs, hotel-motel room taxes, transportation system improvement, and economic development sales tax and funds designated for specific service programs. They are as follows:

**Major Funds**

- *Round Rock Transportation and Economic Development Corporation Fund*
- *Roadway Impact Fees Fund*

**Nonmajor Funds**

- *Community Development Block Grant Fund*
- *Hotel-Motel Occupancy Tax Fund*
- *Hotel-Motel Occupancy Venue Tax Fund*
- *Innovation & Development Fund*
- *Library & Recreational Fund*
- *Public Safety Fund*
- *Public Education & Government Fund*

The **Round Rock Transportation and Economic Development Corporation Fund** is considered a major fund in the fund financial statements. It accounts for sales tax monies and donations/developer contributions received for economic development and transportation system improvements, including maintenance and capital costs associated with such authorized projects.

The **Roadway Impact Fees Fund** is considered a major fund in the fund financial statements. It accounts for fees collected from developers to pay their share of roadway improvements necessitated by and attributed to such new development.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal, interest and related costs. The Debt Service Fund is considered a major fund in the fund financial statements.

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by proprietary funds). There are two groups of funds within the Capital Projects Fund which account for the activities related to various capital improvements projects as follows:

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**Major Funds**

- *Debt-Financed Capital Projects Fund*

The Debt-Financed Capital Projects Fund accounts for projects related to fire department facilities, parks and recreational purposes, library facilities, police and fire training facilities, street maintenance, and road construction. Financing is provided by general obligation bonds and certificates of obligation.

- *Self-Financed Construction Fund*

The Self-Financed Construction Fund accounts for the costs of authorized general capital improvements and facilities. Financing is provided by general government resources, such as sales tax. To reduce reliance on any single sales tax provider or group, all are limited not to exceed 15% of total General Fund budgeted sales tax revenue, net of incentives. Sales tax receipts, net of incentives, in excess of these amounts will be budgeted and deposited in the Self-Financed Construction Fund. Secondly, expected or realized sales tax total revenue in the General Fund exceeding 45% of the operating budget will be recognized in the Self-Financed Construction Fund. All funds in the Self-Financed Construction Fund are available for pay-as-you-go one-time capital expenditures or projects.

**D. PROPRIETARY FUND TYPES**

The **Proprietary Funds** are used to account for the City's ongoing organizations and activities that are similar to those found in the private sector. These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are the determination of income before contributions and transfers, net position and cash flows. The City maintains both Enterprise Funds and an Internal Service Fund.

The **Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's Enterprise Funds consists of the Water and Wastewater Fund, which includes the City's stormwater program, and the Golf Course Fund. These funds are primarily supported by user charges. The Water and Wastewater Fund is considered a major fund.

The **Internal Service Fund** is used to account for the financing of goods or services provided by one department or agency to other City departments or agencies on a cost-plus basis. The City's Internal Service Fund is the Self-Funded Health Insurance Fund, which is used to account for the activities of the City's Self-Funded Health Insurance program.

**E. NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES**

GASB Statement No. 34 eliminated the presentation of the general fixed assets and general long-term debt account groups, but provides for these records to be maintained and incorporates the information into the governmental activities column in the government-wide statement of net position.

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**F. BASIS OF ACCOUNTING**

**Government-wide Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor/provider have been met.

**Fund Financial Statement**

In the fund financial statements, all governmental funds are accounted for using a modified accrual basis of accounting. Governmental funds use the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

**Governmental Funds**

***Revenue Recognition***

In applying the susceptible to accrual concept under the modified accrual basis of accounting, revenues are recorded when deemed both measurable and available. Measurable means that the amount of the transaction can be determined. Available means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days.

Hotel taxes, franchise fees, and special assessments are recorded when susceptible to accrual, both measurable and available. Sales taxes collected and held by the State at year-end on behalf of the City are also recognized as revenue. Licenses and permits, charges for services, fines and forfeitures and other revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Earnings on investments are recorded on the accrual basis in all funds. Unrealized gains or losses on investments are also recognized in accordance with GASB Statement No. 31, but are not included in the budget basis. The fair value change is reported as a separate impact on fund balance below the net change in fund balance.

In applying the susceptible to accrual concept to grant revenues, the legal and contractual requirements of the individual grant programs are used for guidance. Monies received are generally unrestricted as to purpose of expenditure and are revocable only for failure to comply with prescribed compliance requirements. These resources are recognized as revenues at the time of receipt, or sooner, if the susceptible to accrual criteria are met.

The City reports unavailable revenue on its fund financial statements. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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***Expenditure Recognition***

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on governmental long-term debt which are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds' fund financial statements.

**Proprietary Funds**

In the fund financial statements and the government-wide statements, proprietary and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Wastewater Fund, the Golf Course Fund and the Internal Service Fund are charges to customers for sales and services. Operating expenses for the Enterprise Funds and Internal Service Fund include the cost of sales and service, administrative expenses, and depreciation/amortization on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

**G. CASH AND CASH EQUIVALENTS**

In accordance with GASB Statement No. 9, for reporting purposes, the City has developed a definition of cash equivalents. Cash equivalents are demand deposit account balances, investments with the State Investment Pool, and other investments with original maturities of three months or less.

**H. INVESTMENTS**

All investments are presented at fair value. The fair value of U.S. Government Securities is based upon discounted future cash flows. The fair value of the positions in the state investment pools is the same as the value of the pool shares.

The City pools excess cash of the various individual funds to purchase these investments. These pooled investments are reported in the combined balance sheet as investments in each fund based on each fund's share of the pooled investments. Interest income is allocated to each respective individual fund, monthly, based on their respective share of investments in the pooled investments. The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

**I. INVENTORIES AND PREPAID ITEMS**

Inventories of supplies for all funds are valued at cost. Cost is determined on the first-in, first-out method. The consumption method is used to account for inventories. Under the consumption method, an expenditure is recognized when inventory items are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (other current assets) in both the government-wide and fund financial statements. The consumption method is used to account for prepaids such as postage, while equipment is recognized as an expenditure when the equipment is placed in service

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**J. JOINT VENTURE**

The joint venture represents the City's equity interest calculated in accordance with the agreement for the Brushy Creek Regional Utility Authority (BCRUA). The City's initial investment in this joint venture was recorded at cost. The City shares in the operating results in this joint venture so the City adjusts its equity interest by the amount of its participating share of the joint venture's change in net position.

**K. CAPITAL ASSETS**

Capital assets are stated at historical cost, except for intangible right-to-use lease equipment and right-to-use subscriptions. Maintenance and repairs are charged to operations as incurred. Improvements and betterments, which extend the useful lives of assets, are capitalized.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by the fund's measurement focus. The minimum capitalization threshold is \$5,000 and greater for machinery and equipment with a useful life of at least five (5) years and \$50,000 and greater with a useful life of at least ten (10) years for other asset categories. Donated capital assets, donated works of art, and similar items are reported at acquisition value rather than fair value. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Public domain capital assets (infrastructure) have been capitalized. Infrastructure consists of certain improvements other than buildings, including roads, curbing, gutters, streets and sidewalks, and stormwater systems.

In the government-wide statements, depreciation and amortization of plant, equipment, and the right-to-use lease equipment and right-to-use subscriptions classified by functional components is provided by the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

<i>Buildings</i>	<i>40 years</i>
<i>Improvements to buildings</i>	<i>10 years</i>
<i>Improvements other than buildings</i>	<i>10 - 30 years</i>
<i>Machinery and equipment</i>	<i>5 - 7 years</i>
<i>Right-to-use lease equipment</i>	<i>Contract term</i>
<i>Right-to-use subscriptions</i>	<i>Subscription term</i>

When capital assets are retired or otherwise disposed of, a gain or loss on disposal of assets is recognized.

In the fund financial statements, because of the application of the current financial resources focus and the use of modified accrual accounting for governmental funds, depreciation and amortization is only recognized for the Enterprise Funds.

**L. LONG-TERM DEBT**

In the government-wide financial statements, as well as the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Deferred amounts related to refunding are reported as deferred outflow of resources and amortized over the shorter of the refunded or refunding debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing

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sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Limited Tax Notes have been issued for the purpose of purchasing City vehicles. The notes are to be repaid from ad valorem taxes.

A loan from the State Infrastructure Bank has been received to fund transportation improvements. The loan will be repaid from revenues of the Round Rock Transportation and Economic Development Corporation.

Hotel Occupancy Tax Revenue Bonds were issued to fund the City's portion for the construction of a convention center complex. The project costs were shared with a private corporation in accordance with the Master Agreement Regarding Convention Center Development. Venue Tax and Hotel Occupancy Revenue Bonds were issued to fund a portion of the construction of a sports center. The Hotel Occupancy Tax Revenue Bonds and Venue Tax and Hotel Occupancy Tax Revenue bonds are to be repaid from the hotel tax revenue.

Revenue bonds, have been issued to fund capital projects of the enterprise fund are to be repaid from net revenues of the utility systems.

Sales tax revenue bonds have been issued to fund transportation improvements. The bonds are to be repaid from revenues of the Round Rock Transportation and Economic Development Corporation.

Taxable sales tax revenue bonds have been issued to fund the City's portion of the construction of a convention center facility located at Kalahari Resorts and Conventions. The bonds are to be repaid from sales tax, venue tax and ad valorem tax generated by Kalahari Resorts and Conventions.

Principal and interest expenditures on lease and subscription liabilities are recognized based on specific accounting rules applicable when payment is due. General capital asset acquisitions, including entering into contracts giving the City right-to-use lease equipment and subscriptions, are reported as expenditures while issuance of financing through leases and subscriptions are reported as other financing sources in governmental funds.

**M. ACCRUED BENEFIT OBLIGATIONS**

**Compensated Absences**

The City recognizes a leave liability once an employee has completed the service required to earn that leave which can be paid, used, or otherwise settled in a future reporting period, provided the following criteria are met:

- *The City's obligation to fund accumulated vacation, sick, and personal leave benefits attributable to employees' services already rendered.*
- *The obligation relates to rights that vest or accumulate.*
- *Payment of the compensation is probable.*
- *The amount can be reasonably estimated.*

Regular full-time employees and regular part-time employees who are normally scheduled to work at least twenty (20) hours per week are eligible to accrue vacation leave. Public service employees, including the police department, can accrue a maximum of 320 hours. Regular, full-time suppression firefighters have a maximum accrual of 656 hours, while regular, full-time administration firefighters can earn a maximum of 437 hours.. Employees are paid for the accumulated vacation upon termination.

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Public Service employees with unused sick leave accrued after January 1, 1994, with ten (10) years service and a current sick leave balance of at least four hundred (400) hours, will receive a lump sum payment equal to ten (10) percent of their remaining sick leave balance up to 100 hours upon voluntary separation of employment based on their current rank.

Civil Service firefighters who leave the classified service are entitled to receive a lump-sum payment for accumulated sick leave not to exceed ninety (90) days (or 1,080 hours) based on their current rank.

A liability for the estimated value of leaves that will be used by employees as time off is included in the liability for compensated absences. Upon termination, all applicable leave balances are paid based on the rate of pay at the time of separation.

**Other Post-Employment Benefits**

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's self-insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Information regarding the City's total liability for this plan is obtained through a report prepared by Holmes Murphy & Associates, the City's third-party actuary, in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Additionally, the City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.

The governmental funds typically used to liquidate other post-employment benefit liabilities are the General, Hotel-Motel Occupancy Tax, and Hotel-Motel Occupancy Venue Tax.

**N. TRANSACTIONS BETWEEN FUNDS**

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or non-routine transfers of equity between funds - for example, contribution of capital assets to a proprietary fund or transfers of residual balances of discontinued funds to other funds - are accounted for as transfers.

As a rule, the effect of interfund activity has been eliminated from the government-wide statement of net position. Exceptions to this rule are cost reimbursement transactions between the enterprise fund and various other functions of the government and for reimbursement of personnel costs for employees administering grant programs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**O. NET POSITION**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation/amortization, outstanding balances of capital-related borrowings, and capital-related deferred outflows (inflows) of resources. Net position classified as restricted is balances with constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

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Certain bond proceeds, as well as resources set aside for their repayment, are classified as restricted assets because their use is limited by bond covenants. Other assets are restricted due to City Ordinance restrictions on their use.

Net position has been restricted for the excess of restricted assets over related liabilities to the extent such restricted assets were accumulated from revenues (i.e., in some cases, restricted assets were obtained in total or in part from the proceeds of bond sales or grants).

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**P. CLASSIFICATION OF FUND EQUITY**

Governmental funds' fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

**Nonspendable fund balance** – Nonspendable fund balances are amounts that are not in spendable form or are legally or contractually required to be maintained intact.

**Restricted fund balance** – Restricted fund balances are amounts that are constrained to specific purposes by creditors, grantors, contributors, or laws or regulations of other governments.

**Committed fund balance** – Committed fund balances are amounts that are committed to specific purposes by City Council through an ordinance. Amounts cannot be used for other purposes unless the City Council takes the same action to remove or change the constraint. The most significant commitments are for general government and capital projects in the special revenue funds and for capital projects in the Self-Financed Construction Fund.

**Assigned fund balance** – Assigned fund balances are amounts that are subject to a purpose constraint that represents an intended use but are neither restricted nor committed. Assignments are made by City Council or the City Manager as defined in the Financial Policies of the City.

**Unassigned fund balance** – Unassigned fund balances are amounts that are available for any legal purposes. The General Fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds may report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

For the classification of governmental fund balances, the City considers the expenditure to be made from the most restrictive first when more than one classification is available.

**Q. MINIMUM FUND BALANCE POLICY**

It is the desire of the City to maintain an adequate fund balance in the General Fund to maintain liquidity in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 90 days or 25% of annual budgeted operating expenditures.

**R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting in this category by the City include the following:

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- Deferred charges on refundings - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred charge on refundings is reported in the government-wide statement of net position.
- OPEB and pension contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- Difference between projected and actual investment earnings on pension assets, difference between expected and actual economic experience on pension and OPEB assets, and changes in actuarial assumptions used to determine the net pension and total OPEB liabilities.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Reported as a deferred inflow for the City both for OPEB and pension are the difference in expected and actual experience and the difference arising from changes in assumptions (both are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date). For the governmental funds, the property tax receivable is offset by unavailable revenue and reported as deferred inflows because this receivable will not be received within 60 days after fiscal year end.

**S. TAP-IN (CONNECTION FEES) AND IMPACT FEES**

Water and wastewater tap-in fees (connection fees) represent reimbursement of the costs incurred to perform the connection of the respective utilities. These fees are recorded as operating revenue at the time of service. The impact fee substantially exceeds the cost of connection to the water and wastewater system and is therefore viewed as a contribution. Effective with the implementation of GASB Statement No. 33, impact fees are recorded as contributions in the Enterprise Fund.

The City adopted a roadway impact fee ordinance in March 2019 and a revised ordinance in November 2023. Roadway impact fees are intended to recover the incremental cost of each new unit of development on the arterial and collector roadway infrastructure. Effective January 1, 2020, assessment of roadway impact fees began but no roadway impact fees were charged for any building permit application dated before January 1, 2021. The roadway impact fees were charged effective January 1, 2021. There are four phases in the roadway impact fee schedule. Phase 1 of the roadway impact fees are for final plat dates prior to January 1, 2023; phase 2 is for final plat dates between January 1, 2023, and December 31, 2023; phase 3 is for final plat dates between January 1, 2024, and December 31, 2024; and phase 4 is for final plat dates on or after January 1, 2025.

**T. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations to determine the net pension liability and total OPEB liability are based on assumptions about events far into the future. Accordingly, actual results could differ from those estimates.

**U. PENSIONS**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its fiduciary net position in TMRS and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company (GRS), in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27.

The governmental funds typically used to liquidate pension liabilities are the General, Hotel-Motel Occupancy Tax, and Hotel-Motel Occupancy Venue Tax.

**V. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS**

The GASB has issued the following statements which became effective for fiscal year 2025, and have been implemented:

GASB Statement No. 101, "*Compensated Absences*"- The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. See Note V (G) for restatement.

GASB Statement No 102, "*Certain Risk Disclosures*"- The objective of this statement is to provide users of government financial statement with essential information about risk related to a government's vulnerabilities due to certain concentrations or constraints, whether by an external party or formal authoritative action by the government.

A government is to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The GASB has issued the following statements which will become effective for fiscal year 2026:

GASB Statement No. 103, "*Financial Reporting Model Improvements*"- The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues related to Management's Discussion and Analysis, unusual or infrequent items, Net Position of proprietary funds, Major Component Unit Information, and Budgetary Comparison Information.

GASB Statement 104, "*Disclosure of Certain Capital Assets*"- The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets separately in the capital assets note disclosures required by Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

This Statement specifically addresses assets recognized by Statement No. 87, *Leases*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology*.

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**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the appropriated budget as reflected in the accompanying financial statements:

- (1) At least sixty days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted at which all interested persons' comments concerning the budget may be heard.
- (3) The budget is legally enacted by the City Council through passage of an appropriation ordinance and tax-levying ordinance not later than the final day of the last month of the fiscal year.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Proprietary Funds. Management control for the operating budget is maintained at the individual office, department, or agency level.
- (5) Fair value adjustments related to investments are not included in the budgetary basis due to the non-cash nature of those changes.
- (6) Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund, and the Proprietary Funds. Capital Projects Funds have no binding annual budget. Project-length financial plans are adopted for all capital projects; accordingly, no comparison of budget to actual is presented in the financial statements.
- (7) Amendments that alter total expenditures of any fund must be approved by the City Council. Although costs are monitored on a departmental basis, the level of control at which expenditures may not exceed the budget is at the fund level. The reported budgetary data has been revised for amendments authorized.
- (8) Any appropriation balances lapse or revert to the undesignated fund balances at the close of each fiscal year.

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The budgets of the various funds are prepared on a basis consistent with generally accepted accounting principles, with one exception as described above. The table below compares original to final budgets for the General Fund.

	Original Budget	Amendments Increase (Decrease)	Final Budget
<b>Revenues -</b>			
Taxes and franchise, including interest and penalties	\$ 141,412,400	\$ -	\$ 141,412,400
Licenses, permits and fees	2,859,900	-	2,859,900
Charges for services	5,540,300	-	5,540,300
Fines and forfeitures	1,066,000	-	1,066,000
Intergovernmental	2,481,200	347,874	2,829,074
Investment and other	7,913,100	-	7,913,100
Total revenues	<u>161,272,900</u>	<u>347,874</u>	<u>161,620,774</u>
<b>Expenditures -</b>			
Current -			
General government	36,321,600	(1,478,276)	34,843,324
Public safety	84,602,500	1,341,373	85,943,873
Public works	24,068,000	217,261	24,285,261
Culture and recreation	24,177,700	267,517	24,445,217
Total expenditures	<u>169,169,800</u>	<u>347,875</u>	<u>169,517,675</u>
Excess (deficiency) of revenues over expenditures	<u>(7,896,900)</u>	<u>(1)</u>	<u>(7,896,901)</u>
<b>Other financing sources (uses) -</b>			
Transfers in	7,954,300	-	7,954,300
Transfers out	-	(10,500,000)	(10,500,000)
Total other financing sources (uses)	<u>7,954,300</u>	<u>(10,500,000)</u>	<u>(2,545,700)</u>
Net change in fund balances	<u>\$ 57,400</u>	<u>\$ (10,500,001)</u>	<u>\$ (10,442,601)</u>

**B. ENCUMBRANCES**

Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. For budgetary purposes, encumbrances lapse at fiscal year-end. In accordance with the City Charter, Part I, Article 8, Section 8.03 (a)(10) – Finance Administration, a capital improvement program may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition. Therefore, purchase orders and contracts associated with capital improvement programs roll at the end of the fiscal year. The encumbrances and significant commitments at September 30, 2025, associated with capital improvements for governmental funds, not proprietary funds, in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," are summarized below:

**Major Funds**

Round Rock Transportation and Economic Development Corporation Fund	\$ 106,287,000
Self-Financed Construction Fund	8,547,000
Debt-Financed Capital Projects Fund	42,893,000

**Nonmajor Funds**

Special revenue funds	\$ 307,000
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**CITY OF ROUND ROCK, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
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**III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds, certificates, and limited tax notes payable - public placement	\$	435,505,000
Plus: Issuance premium (amortized against interest expense)		20,397,925
Less: Issuance discount (amortized against interest expense)		(8,375)
Bonds, certificates, and limited tax notes payable - private placement		23,555,000
State infrastructure bank loan		27,000,000
Excess sales tax payable		4,186,643
Lease payable		2,901,744
Subscriptions payable		8,606,648
Net pension liability		54,737,602
Compensated absences		21,079,880
Total OPEB liability		18,158,455
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	\$	616,120,522

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation of *net changes in fund balances – total governmental funds* to *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. The details of this difference are as follows:

Capital outlay	\$	220,521,895
Depreciation/amortization expense		(50,651,283)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	169,870,612

Another element of the reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position.” The details of this difference are as follows:

Donations	\$	21,515,235
Reclassifications, disposals, and transfers		(3,936,986)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	17,578,249

**CITY OF ROUND ROCK, TEXAS  
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Another element of the reconciliation states that "The issuance of long-term debt (i.e., bonds, leases and subscriptions) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities." Lastly, expenses related to accrued interest and amortization of premiums, discounts, and deferred gains/losses on refunding transactions are reported in the statement of activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The details of this difference are as follows:

Debt proceeds - public placement	\$ (111,915,000)
Bond premium on issuance	(3,972,073)
Debt payments - public placement	18,350,000
Debt payments - private placement	3,320,000
Sales tax liability payments	2,438,040
Amortization of bond premium/discounts	1,707,513
Amortization of deferred amount on refunding	<u>(155,441)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (90,226,961)</u></u>

Another element of the reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these differences are as follows:

Decrease in net pension liability	\$ 7,059,795
Decrease in deferred outflows related to pensions	(6,463,606)
Increase in deferred inflows related to pensions	<u>(3,936,992)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (3,340,803)</u></u>
Increase in total OPEB liability	\$ (776,408)
Increase in deferred outflows related to OPEB	428,489
Decrease in deferred inflows related to OPEB	<u>769,888</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 421,969</u></u>
Change in compensated absences	\$ (44,576)
Change in accrued interest	<u>(815,906)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (860,482)</u></u>

**CITY OF ROUND ROCK, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
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**IV. DETAILED NOTES ON ALL FUNDS**

**A. CASH AND INVESTMENTS**

Cash and investments at September 30, 2025, reconciled to the statement of net position amounts for cash and cash equivalents and investments is as follows:

Cash in banks	\$	89,399,029
Investments		459,489,995
Total cash and investments	\$	548,889,024
Statement of net position presentation:		
Cash and cash equivalents	\$	109,862,189
Investments		243,332,284
Restricted assets -		
Cash and cash equivalents		91,486,389
Investments		104,208,162
Total cash and cash equivalents and investments	\$	548,889,024

At September 30, 2025, the carrying amount of deposits was a debit balance of \$89,399,029, including \$1,257,610 net of deposits in transit and outstanding checks, meaning the respective bank balances totaled \$90,656,639. The City's bank balances were fully insured or collateralized with securities held by the City's agent in the City's name and/or letters of credit.

**Investments**

All investments are presented at fair value. The fair value of U.S. Government Securities is based upon discounted future cash flows. The fair value of the positions in the state investment pools is the same as the value of the pool shares.

	Carrying Amount	Fair Value	Weighted Average Maturity (Days)
U. S. Government Securities	\$ 188,422,381	\$ 188,422,381	184
Certificates of Deposit	159,118,068	159,118,068	312
State Investment Pools	111,949,546	111,949,546	44
	\$ 459,489,995	\$ 459,489,995	
Portfolio weighted average maturity			194

Following GASB Statement No. 72, "Fair Value Measurement and Application," the City categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of September 30, 2025, the City has the recurring fair value measurements for U.S. Government securities of \$188,422,381 valued using quoted prices for similar assets in active markets (level 2 inputs).

**CITY OF ROUND ROCK, TEXAS**  
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***Legal and Contractual Provisions Governing Deposits and Investments***

The Public Funds Investment Act (PFIA) (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

In addition, the funds of the City must be deposited and invested under the terms of a contract, the contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance and any letters of credit that are pledged.

***Policies Governing Deposits and Investments***

Foreign Currency Risk – The City's deposits and investments are not exposed to foreign currency risk.

Custodial Credit Risk – The City's policy is to be collateralized. The City was fully collateralized during the year.

Interest Rate Risk – In compliance with the City's Investment Policy, as of September 30, 2025, the City minimized its interest rate risk in the portfolio by limiting the weighted average maturity to 540 days, structuring the portfolio so that maturities meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity, monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by PFIA, and investing operating funds primarily in short-term securities, money market mutual funds, money market accounts, or government investment pools.

Credit Risk – In compliance with the City's Investment Policy, as of September 30, 2025, the City minimized credit risk losses due to default of security issuer or backer by limiting investments to the safest rated securities, using a registered investment advisor to provide investment and market advice, and diversifying the investment portfolio so that potential losses on individual securities were minimized. All the City's purchased investments in U. S. Agencies were rated AA+ by Standard & Poor's and Moody's respectively.

Concentration Risk - The City invests in pools, certificates of deposit, money market funds, municipal bonds and U.S. Government Securities. State law authorizes the City to invest in obligations of the United States government and its agencies, commercial paper, money market funds, certificates of deposit of any state or federally chartered bank, obligations of states, agencies, counties, cities and other political subdivisions of any state not rated less than A or equivalent. All investments made in fiscal year 2025 were in the aforementioned categories.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

***Local Government Investment Pools***

As of September 30, 2025, the City's investments included TexPool, TexSTAR, and Texas Range TexasDAILY and TexasDAILY Select Investment Pools. The investment pools' investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk. The City had \$103,218,880 invested in TexPool, \$232,692 invested in TexSTAR, \$5,834,942 in TexasDAILY Select, and \$2,663,032 in TexasDAILY at September 30, 2025.

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, authorized by the PFIA. The Texas State Comptroller of Public Accounts has oversight responsibility for TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the City's investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and superior capacity to maintain principal value and limit exposure to loss.

The City is invested in Texas Short Term Asset Reserve program (TexSTAR), a local government investment cooperative created under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the PFIA, specifically tailored to meet state and local government investment objectives of preservation of principal, daily liquidity and competitive yield.

TexSTAR is co-administered by J.P. Morgan Investment Management Inc. and Hilltop Securities Inc. and is overseen by a five-member government board made up of three participants and one of each of the program's co-administrator or an affiliate. TexSTAR is currently rated AAAM by S&P Global. The responsibility of the board includes the ability to influence operations, designation of management, and accountability for fiscal matters. TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. The fair value of the City's position in TexSTAR is the same as the value of TexSTAR shares.

The City is also invested in TexasDAILY and TexasDAILY Select of the Texas Range Investment Program (Program). Texas Range Investment Program was established by the Common Investment Contract in conformity with Chapters 791 (Interlocal Cooperation Act) and 2256 (PFIA) of the Texas Government Code. An elected Advisory Board is responsible for the overall management of the Program, including formation and implementation of its investment and operating policies. The Program's investment advisor and administrator is PFM Asset Management, LLC.

TexasDAILY is a money market portfolio with daily liquidity that is rated AAAMmf by Fitch. TexasDAILY's investment objectives are to provide shareholders with as high a level of current income as is consistent with stability, safety of principal, and liquidity, and to maintain a stable net asset value (NAV) of \$1.00 per share.

TexasDAILY Select invests in the full range of PFIA permitted investments and is rated AAAMmf by Fitch. TexasDAILY Select's investment objectives are to earn the highest income consistent with preserving principal and maintaining liquidity, and to maintain a stable NAV of \$1.00 per share.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

**CITY OF ROUND ROCK, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**B. PROPERTY TAXES AND RECEIVABLE**

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Williamson and Travis Central Appraisal Districts established appraisal values in accordance with requirements of the Texas Legislature.

The City Council levies taxes based upon the appraised values. Williamson County and Travis County bills and collects the City's property taxes.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real and personal property within the City on the 2024 tax roll. The tax rate, based on total taxable assessed valuation of \$25,298,237,554 was \$0.360000 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$0.254602 and \$0.105398, respectively.

Property taxes receivable as of September 30, 2025, were as follows:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 161,864	\$ 79,724	\$ 241,588
Prior years' levies	294,665	182,950	477,615
	456,529	262,674	719,203
Less - allowance for uncollectible taxes	(4,565)	(4,024)	(8,589)
	\$ 451,964	\$ 258,650	\$ 710,614

Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**C. INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables as of September 30, 2025, were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
Debt Service Fund	General Fund	\$ 5,497	\$ 5,497
Self-Financed Construction Fund		436,022	-
Total Governmental Funds		441,519	5,497
	Golf Course Fund	-	436,022
Total Proprietary Funds		-	436,022
Total Interfund		\$ 441,519	\$ 441,519

Remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The City reports interfund transfers between many of its funds. These routine transfers are consistent with the activities of the funds.

**CITY OF ROUND ROCK, TEXAS**  
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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In 2025, the RRTEDC Fund received \$24.4 million transferred from the Debt-Financed Capital Project Fund for eligible capital road project costs and \$1.9 million from the Debt Service Fund for release of sinking fund deposit on debt paid off. The Self Financed Construction Fund received \$5.8 million from the RRTEDC Fund and \$4.9 million from the Hotel-Motel Occupancy Tax Fund for the Griffith Building Remodel and Paseo project. The Fund also received \$10.8 million from the General Fund for excess sales tax revenue and rolling encumbrances. The General Fund received \$6.2 million from the Water and Wastewater Fund, and \$1.6 million from the RRTEDC Fund for administrative support costs. A summary of transfers between funds is shown on the following page.

**CITY OF ROUND ROCK, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
General Fund -		
Water and Wastewater Fund	\$ 6,151,300	\$ -
Self-Financed Construction Fund	-	10,781,500
RRTEDC Fund	1,603,000	-
Nonmajor Governmental Funds	200,000	-
	<u>7,954,300</u>	<u>10,781,500</u>
Debt Service Fund -		
RRTEDC Fund	653,200	1,952,754
Nonmajor Governmental Funds	6,228,924	977,935
	<u>6,882,124</u>	<u>2,930,689</u>
RRTEDC Fund -		
General Fund	-	1,603,000
Debt Service Fund	1,952,754	653,200
Debt-Financed Capital Projects Fund	24,386,100	-
Self-Financed Construction Fund	-	5,821,486
	<u>26,338,854</u>	<u>8,077,686</u>
Debt-Financed Capital Projects Fund -		
RRTEDC Fund	-	24,386,100
	<u>-</u>	<u>24,386,100</u>
Self-Financed Construction Fund -		
General Fund	10,781,500	-
RRTEDC Fund	5,821,486	-
Nonmajor Governmental Funds	4,861,408	-
	<u>21,464,394</u>	<u>-</u>
Other Governmental Funds -		
General Fund	-	200,000
Debt Service Fund	-	6,228,924
Self-Financed Construction Fund	-	4,861,408
Nonmajor Governmental Funds	1,652,935	675,000
	<u>1,652,935</u>	<u>11,965,332</u>
Subtotal of Governmental Funds	<u>64,292,607</u>	<u>58,141,307</u>
<u>Proprietary Funds</u>		
Water and Wastewater Fund -		
General Fund	-	6,151,300
Subtotal of Proprietary Funds	<u>-</u>	<u>6,151,300</u>
Total Transfers	<u>\$ 64,292,607</u>	<u>\$ 64,292,607</u>

**CITY OF ROUND ROCK, TEXAS**  
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**D. JOINT VENTURE**

The City entered into a partnership with the cities of Leander and Cedar Park and formed Brushy Creek Regional Utility Authority (BCRUA). The BCRUA has the responsibility to provide reliable, cost effective sources of water. The City accounts for this partnership as a joint venture. Condensed financial statements for BCRUA are shown below. Financial statements may be obtained at the BCRUA, 221 East Main Street, Round Rock, Texas, 78664.

**STATEMENT OF NET POSITION**  
**As of September 30, 2025**

	Total	City's Interest
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,078,156	\$ 1,764,763
Accounts receivable	20,900	6,918
Due from partner cities	1,120,712	261,052
Restricted investments	153,799,892	42,970,986
Capital assets	353,608,375	109,666,706
Total assets	512,628,035	154,670,425
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	9,589,145	3,736,604
<b>LIABILITIES</b>		
Accounts payable	5,906,271	1,436,332
Retainage payable	7,746,257	2,167,213
Due to partner cities	1,820,425	1,151,511
Current portion of bonds payable	16,765,000	4,690,000
Accrued bond interest payable	1,928,832	649,536
Total current liabilities	34,166,785	10,094,592
Noncurrent portion of bonds payable	377,538,783	110,926,839
Total liabilities	411,705,568	121,021,431
<b>NET POSITION</b>	<b>\$ 110,511,612</b>	<b>\$ 37,385,598</b>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended September 30, 2025**

	Total	City's Interest
Operating revenues	\$ 5,768,861	\$ 1,996,725
Interest expense	(11,684,702)	(3,825,411)
Other operating expenses	(15,756,807)	(4,884,081)
Other income (expense)	10,339,330	2,193,716
Changes in Net Position	(11,333,318)	(4,519,051)
Net position, October 1, 2024	88,587,268	30,728,186
Contribution of capital, net	33,257,662	11,176,463
Net position, September 30, 2025	<b>\$ 110,511,612</b>	<b>\$ 37,385,598</b>

**CITY OF ROUND ROCK, TEXAS**  
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**E. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2025, was as follows:

	October 1, 2024	Additions/ Completions	Retirements/ Adjustments	September 30, 2025
<b>Governmental Activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 136,538,377	\$ 5,411,186	\$ (3,792,029)	\$ 138,157,534
Construction in progress	113,597,033	200,610,314	(86,283,787)	227,923,560
Total capital assets not being depreciated/ amortized	<u>250,135,410</u>	<u>206,021,500</u>	<u>(90,075,816)</u>	<u>366,081,094</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	1,151,006,940	99,304,850	(953,026)	1,249,358,764
Equipment	111,298,884	12,512,532	(4,878,339)	118,933,077
Right-to-use lease equipment	773,487	3,630,413	-	4,403,900
Right-to-use subscription assets	9,364,531	6,851,622	(435,313)	15,780,840
Total capital assets being depreciated/ amortized	<u>1,272,443,842</u>	<u>122,299,417</u>	<u>(6,266,678)</u>	<u>1,388,476,581</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	550,162,426	37,193,630	(862,087)	586,493,969
Equipment	84,999,507	9,240,666	(4,824,321)	89,415,852
Right-to-use lease equipment	476,687	875,113	-	1,351,800
Right-to-use subscription assets	3,480,680	3,341,874	(435,313)	6,387,241
Total accumulated depreciation/amortization	<u>639,119,300</u>	<u>50,651,283</u>	<u>(6,121,721)</u>	<u>683,648,862</u>
Total capital assets being depreciated/ amortized, net	<u>633,324,542</u>	<u>71,648,134</u>	<u>(144,957)</u>	<u>704,827,719</u>
Governmental activities capital assets, net	<u>\$ 883,459,952</u>	<u>\$ 277,669,634</u>	<u>\$ (90,220,773)</u>	<u>\$ 1,070,908,813</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 9,522,886	\$ 3,792,029	\$ -	\$ 13,314,915
Construction in progress	30,280,884	43,365,809	(17,641,152)	56,005,541
Total capital assets not being depreciated/ amortized	<u>39,803,770</u>	<u>47,157,838</u>	<u>(17,641,152)</u>	<u>69,320,456</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	703,554,977	45,242,414	-	748,797,391
Equipment	21,818,530	1,870,923	(1,061,540)	22,627,913
Right-to-use lease equipment	496,441	205,616	-	702,057
Total capital assets being depreciated/ amortized	<u>725,869,948</u>	<u>47,318,953</u>	<u>(1,061,540)</u>	<u>772,127,361</u>
Less accumulated depreciation/amortization for:				
Building and improvements	302,986,360	26,016,471	-	329,002,831
Equipment	15,151,042	2,213,597	(818,323)	16,546,316
Right-to-use lease equipment	46,542	263,271	-	309,813
Total accumulated depreciation/amortization	<u>318,183,944</u>	<u>28,493,339</u>	<u>(818,323)</u>	<u>345,858,960</u>
Total capital assets being depreciated/ amortized, net	<u>407,686,004</u>	<u>18,825,614</u>	<u>(243,217)</u>	<u>426,268,401</u>
Business-type activities capital assets, net	<u>\$ 447,489,774</u>	<u>\$ 65,983,452</u>	<u>\$ (17,884,369)</u>	<u>\$ 495,588,857</u>

**CITY OF ROUND ROCK, TEXAS  
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Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government	\$ 6,002,976
Public safety	7,666,589
Public works	27,817,878
Culture and recreation	9,163,840
Total depreciation/amortization expense - governmental activities	\$ 50,651,283

**Business-Type Activities:**

Water and wastewater utility	\$ 27,704,799
Golf course	788,540
Total depreciation/amortization expense - business-type activities	\$ 28,493,339

**Net Investment in Capital Assets**

Detailed reconciliation of net investment in capital assets on the government-wide Statement of Net Position for September 30, 2025, follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Total capital assets (net of accumulated depreciation/amortization)	\$ 1,070,908,813	\$ 495,588,857	\$ 1,566,497,670
Plus capital-related deferred outflows/(inflows) of resources	(20,307)	2,908,467	2,888,160
Less capital-related long-term debt	(517,957,942)	(56,970,341)	(574,928,283)
Plus unspent bond proceeds	29,927,514	-	29,927,514
Net investment in capital assets (net of related debt)	\$ 582,858,078	\$ 441,526,983	\$ 1,024,385,061

**CITY OF ROUND ROCK, TEXAS**  
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**SEPTEMBER 30, 2025**

**F. LONG-TERM DEBT**

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2025:

	Balance October 1, 2024, Restated	Additions	Refundings/ Retirements	Balance September 30, 2025	Due within one year
<b>Governmental Activities</b>					
<i>Public Placement</i>					
General obligation bonds	\$ 157,755,000	\$ 87,520,000	\$ (8,670,000)	\$ 236,605,000	\$ 11,065,000
Certificates of obligation	131,120,000	19,620,000	(4,970,000)	145,770,000	4,495,000
Limited tax notes	9,960,000	4,775,000	(2,005,000)	12,730,000	2,840,000
Hotel tax revenue bonds	6,040,000	-	(705,000)	5,335,000	320,000
Sales tax revenue bonds	37,065,000	-	(2,000,000)	35,065,000	2,040,000
Plus deferred amount:					
For issuance premium	18,141,738	3,972,073	(1,715,886)	20,397,925	2,193,430
For issuance discount	(16,748)	-	8,373	(8,375)	(8,375)
Total Public Placement	<u>360,064,990</u>	<u>115,887,073</u>	<u>(20,057,513)</u>	<u>455,894,550</u>	<u>22,945,055</u>
<i>Private Placement</i>					
General obligation bonds	1,115,000	-	(370,000)	745,000	370,000
Certificates of obligation	24,835,000	-	(2,025,000)	22,810,000	3,045,000
Limited tax notes	925,000	-	(925,000)	-	-
Total Private Placement	<u>26,875,000</u>	<u>-</u>	<u>(3,320,000)</u>	<u>23,555,000</u>	<u>3,415,000</u>
State Infrastructure Bank Loan	27,000,000	-	-	27,000,000	1,340,000
Excess sales tax liability	6,624,683	-	(2,438,040)	4,186,643	2,438,040
Leases	297,692	3,630,413	(1,026,361)	2,901,744	894,942
Subscriptions	5,320,586	6,851,622	(3,565,560)	8,606,648	2,936,007
Compensated absences <sup>1</sup>	21,035,304	43,873	-	21,079,177	3,305,618
Total governmental activities	<u>447,218,255</u>	<u>126,412,981</u>	<u>(30,407,474)</u>	<u>543,223,762</u>	<u>37,274,662</u>
<b>Business-Type Activities</b>					
<i>Public Placement</i>					
Revenue bonds	56,175,000	-	(3,860,000)	52,315,000	4,045,000
Plus deferred amount:					
For issuance premium	4,483,755	-	(331,408)	4,152,347	331,408
Total Public Placement	<u>60,658,755</u>	<u>-</u>	<u>(4,191,408)</u>	<u>56,467,347</u>	<u>4,376,408</u>
Leases	466,955	205,616	(169,577)	502,994	174,016
Compensated absences <sup>1</sup>	2,413,103	-	(703)	2,412,400	371,288
Total business-type activities	<u>63,538,813</u>	<u>205,616</u>	<u>(4,361,688)</u>	<u>59,382,741</u>	<u>4,921,712</u>
Total primary government	<u>\$ 510,757,068</u>	<u>\$ 126,618,597</u>	<u>\$ (34,769,162)</u>	<u>\$ 602,606,503</u>	<u>\$ 42,196,374</u>

<sup>1</sup> Balance October 1, 2024, has been restated in accordance with GASB 101. The change in compensated absences liability is presented as a net change.

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Long-term debt at September 30, 2025, is comprised of the following:

	Governmental Activities Public Placement	Governmental Activities Private Placement	Business- Type Activities Public Placement
<b>General Obligation Bonds:</b>			
\$66,885,000 2014 GO bonds due in annual installments of \$-0- to \$4,790,000 through 2039; interest at 3.0% to 5.0%	\$ 2,675,000	\$ -	\$ -
\$6,995,000 2016 refunding bonds due in annual installments of \$-0- to \$1,755,000 through 2032; interest at 2.0% to 4.0%	2,250,000	-	-
\$28,585,000 2017 GO bonds due in annual installments of \$-0- to \$1,945,000 through 2042; interest at 3.0% to 5.0%	24,305,000	-	-
\$12,210,000 2019 refunding bonds due in annual installments of \$1,330,000 to \$1,775,000 through 2027; interest at 3.0% to 5.0%	3,465,000	-	-
\$6,980,000 2020 refunding bonds due in annual installments of \$375,000 to \$2,005,000 through 2027; interest at 1.21%	-	745,000	-
\$79,860,000 2022 Refunding bonds due in annual installments of \$190,000 to \$6,705,000 through 2039; interest at 1.16% to 2.97%	77,430,000	-	-
\$20,985,000 2022 GO bonds due in annual installments of \$280,000 to \$1,310,000 through 2047; interest at 3.63% to 5.0%	19,690,000	-	-
\$19,495,000 2024 GO bonds due in annual installments of \$225,000 to \$1,260,000 through 2049; interest at 4.0% to 5.0%	19,270,000	-	-
\$87,520,000 2025 GO bonds due in annual installments of \$930,000 to \$5,840,000 through 2050; interest at 4.25% to 5.0%	<u>87,520,000</u>	<u>-</u>	<u>-</u>
Total General Obligation Bonds	<u>236,605,000</u>	<u>745,000</u>	<u>-</u>
<b>Certificates of Obligation:</b>			
\$27,270,000 2014 Combination tax and limited revenue certificates of obligation due in installments of \$175,000 to \$1,700,000 through 2039; interest at 2.0% to 4.0%	3,580,000	-	-
\$6,915,000 2018 Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$510,000 through 2038; interest at 3.0% to 5.0%	5,450,000	-	-
\$27,250,000 2019 Combination tax and revenue certificates of obligation due in installments of \$-0- to \$1,740,000 through 2044; interest at 2.0% to 5.0%	23,550,000	-	-
\$30,000,000 2020 Combination tax and limited revenue certificates of obligation due in installments of \$940,000 to \$3,480,000 through 2032; interest at 1.81%	-	22,810,000	-
\$27,460,000 2021A Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$1,510,000 through 2046; interest at 2.0% to 5.0%	12,080,000	-	-
\$13,745,000 2021B Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$740,000 through 2046; interest at 2.0% to 5.0%	12,135,000	-	-
\$13,810,000 2021C Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$715,000 through 2046; interest at 2.0% to 4.0%	25,165,000	-	-
\$26,570,000 2022 Combination tax and limited revenue certificates of obligation due in installments of \$350,000 to \$1,675,000 through 2047; interest at 4.0% to 5.0%	24,940,000	-	-

**CITY OF ROUND ROCK, TEXAS**  
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**SEPTEMBER 30, 2025**

	Governmental Activities Public Placement	Governmental Activities Private Placement	Business- Type Activities Public Placement
<b>Certificates of Obligation, continued:</b>			
\$19,475,000 2024 Combination tax and limited revenue certificates of obligation due in installments of \$225,000 to \$1,255,000 through 2049; interest at 4.0% to 5.0%	\$ 19,250,000	\$ -	\$ -
\$19,620,000 2025 Combination tax and limited revenue certificates of obligations due in installments of \$210,000 to \$1,305,000 through 2050; interest at 4.375% to 5.0%	19,620,000	-	-
Total Certificates of Obligation	<u>145,770,000</u>	<u>22,810,000</u>	<u>-</u>
<b>Limited Tax Notes:</b>			
\$2,770,000 2021 Limited tax notes due in annual installments of \$495,000 to \$605,000 through 2026; interest at 2.0% to 4.0%	605,000	-	-
\$1,900,000 2022 Limited tax notes due in annual installments of \$325,000 to \$425,000 through 2027; interest at 5.0%	825,000	-	-
\$7,565,000 2024 Limited tax notes due in annual installments of \$1,040,000 to \$1,435,000 through 2030; interest at 5.0%	6,525,000	-	-
\$4,775,000 2025 Limited tax notes due in annual installments of \$655,000 to \$905,000 through 2031; interest at 5.0%	4,775,000	-	-
Total Limited Tax Notes	<u>12,730,000</u>	<u>-</u>	<u>-</u>
<b>Hotel Tax Revenue Bonds:</b>			
\$5,560,000 2021 refunding bonds due in annual installments of \$75,000 to \$515,000 through 2037; interest at 4.0%	5,335,000	-	-
Total Hotel Tax Revenue Bonds	<u>5,335,000</u>	<u>-</u>	<u>-</u>
<b>Sales Tax Revenue Bonds:</b>			
\$21,310,000 2019 taxable bonds due in annual installments of \$-0- to \$1.22 million through 2044; interest at 2.15% to 3.68%	17,055,000	-	-
\$20,695,000 2021 taxable bonds due in annual installments of \$-0- to \$1,010,000 through 2046; interest at 0.45% to 3.25%	18,010,000	-	-
Total Sales Tax Revenue Bonds	<u>35,065,000</u>	<u>-</u>	<u>-</u>
<b>Utility System Revenue Bonds:</b>			
\$8,000,000 2014 bonds due in annual installments of \$-0- to \$585,000 through 2034; interest at 2.0% to 4.0%	-	-	4,465,000
\$35,185,000 2016 refunding bonds due in annual installments of \$155,000 to \$3,400,000 through 2035; interest at 2.0% to 5.0%	-	-	31,060,000
\$32,785,000 2017 refunding bonds due in annual installments of \$360,000 to \$4,265,000 through 2039; interest at 3.0% to 5.0%	-	-	16,790,000
Total Utility System Revenue Bonds	<u>-</u>	<u>-</u>	<u>52,315,000</u>
Issuance premium	20,397,925	-	4,152,347
Issuance discount	(8,375)	-	-
<b>Total public and private placement debt</b>	<u>\$ 455,894,550</u>	<u>\$ 23,555,000</u>	<u>\$ 56,467,347</u>

**CITY OF ROUND ROCK, TEXAS**  
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The annual requirements to amortize bonds, certificates of obligation, limited tax notes, loan and notes payable debt at September 30, 2025, including interest, are as follows:

**Governmental Activities:**

Year Ending Sept. 30,	General Obligation Bonds and Certificates of Obligation					
	Public Placement			Private Placement		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 15,560,000	\$ 15,937,254	\$ 31,497,254	\$ 3,415,000	\$ 421,876	\$ 3,836,876
2027	17,345,000	14,136,770	31,481,770	3,490,000	362,284	3,852,284
2028	15,755,000	13,487,765	29,242,765	3,185,000	301,365	3,486,365
2029	16,345,000	12,887,222	29,232,222	3,255,000	243,717	3,498,717
2030	16,995,000	12,255,938	29,250,938	3,330,000	184,801	3,514,801
2031-2035	89,810,000	51,621,013	141,431,013	3,400,000	124,528	3,524,528
2036-2040	87,560,000	34,898,413	122,458,413	3,480,000	62,988	3,542,988
2041-2045	72,225,000	19,177,150	91,402,150	-	-	-
2046-2050	50,780,000	6,140,038	56,920,038	-	-	-
	<u>\$ 382,375,000</u>	<u>\$ 180,541,563</u>	<u>\$ 562,916,563</u>	<u>\$ 23,555,000</u>	<u>\$ 1,701,559</u>	<u>\$ 25,256,559</u>

Year Ending Sept. 30,	Limited Tax Notes - Public Placement		
	Principal	Interest	Total
	2026	\$ 2,840,000	\$ 674,722
2027	2,410,000	494,500	2,904,500
2028	2,085,000	374,000	2,459,000
2029	2,190,000	269,750	2,459,750
2030	2,300,000	160,250	2,460,250
2031-2035	905,000	45,250	950,250
	<u>\$ 12,730,000</u>	<u>\$ 2,018,472</u>	<u>\$ 14,748,472</u>

Year Ending Sept. 30,	Hotel Tax Revenue Bonds - Public Placement		
	Principal	Interest	Total
	2026	\$ 320,000	\$ 207,000
2027	335,000	193,900	528,900
2028	345,000	180,300	525,300
2029	360,000	166,200	526,200
2030	370,000	151,600	521,600
2031-2035	2,120,000	516,000	2,636,000
2036-2040	1,485,000	90,700	1,575,700
	<u>\$ 5,335,000</u>	<u>\$ 1,505,700</u>	<u>\$ 6,840,700</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Year Ending Sept. 30,	Sales Tax Revenue Bonds - Public Placement		
	Principal	Interest	Total
2026	\$ 2,040,000	\$ 1,023,475	\$ 3,063,475
2027	2,075,000	982,664	3,057,664
2028	2,125,000	937,344	3,062,344
2029	2,170,000	888,498	3,058,498
2030	1,620,000	835,093	2,455,093
2031-2035	7,350,000	3,583,004	10,933,004
2036-2040	8,140,000	2,451,753	10,591,753
2041-2045	8,535,000	989,386	9,524,386
2046-2049	1,010,000	32,825	1,042,825
	<u>\$ 35,065,000</u>	<u>\$ 11,724,042</u>	<u>\$ 46,789,042</u>

Year Ending Sept. 30,	State Infrastructure Bank Loan		
	Principal	Interest	Total
2026	\$ 1,340,000	\$ 567,000	\$ 1,907,000
2027	1,365,000	538,860	1,903,860
2028	1,395,000	510,195	1,905,195
2029	1,425,000	480,900	1,905,900
2030	1,455,000	450,975	1,905,975
2031-2035	7,745,000	1,783,635	9,528,635
2036-2040	8,585,000	935,970	9,520,970
2041-2044	3,690,000	116,655	3,806,655
	<u>\$ 27,000,000</u>	<u>\$ 5,384,190</u>	<u>\$ 32,384,190</u>

**Business-Type Activities:**

Year Ending Sept. 30,	Utility System Revenue Bonds		
	Principal	Interest	Total
2026	\$ 4,045,000	\$ 1,908,950	\$ 5,953,950
2027	3,350,000	1,715,100	5,065,100
2028	3,440,000	1,629,175	5,069,175
2029	3,530,000	1,540,331	5,070,331
2030	3,640,000	1,440,906	5,080,906
2031-2035	18,260,000	5,465,256	23,725,256
2036-2039	16,050,000	1,740,800	17,790,800
	<u>\$ 52,315,000</u>	<u>\$ 15,440,518</u>	<u>\$ 67,755,518</u>

In prior years, the City defeased certain revenue and general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2025, there are no bonds outstanding which have been reported as defeased.

Bond ordinances also provide for other limitations and restrictions. The City is in compliance with all significant limitations and restrictions contained in the various bond ordinances.

**CITY OF ROUND ROCK, TEXAS**  
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In May 2023, the City of Round Rock's voters authorized the issuance of general obligation bonds to fund capital assets of the general government. Residents approved two bond propositions totaling \$274 million for capital projects to improve public safety, parks, recreation, and sports. The full faith and credit of the City, as well as the city's ad valorem taxing authority, back general obligation bonds.

Purpose	Date Authorized	Amount Authorized	Amount Issued	Unissued Balance
Public Safety	5/6/2023	\$ 44,000,000	\$ 10,000,000	\$ 34,000,000
Parks, Recreation, and Sports	5/6/2023	<u>230,000,000</u>	<u>100,000,000</u>	<u>130,000,000</u>
		<u>\$ 274,000,000</u>	<u>\$ 110,000,000</u>	<u>\$ 164,000,000</u>

The City may incur non-voted debt payments from or secured by its levy and collection of ad valorem taxes and other sources of revenue, including tax notes, public property finance contractual obligations, leases and subscriptions for various purposes.

**Utility Revenue Bonds**

Utility revenue bonds are used to finance the acquisition and construction of major capital improvements to the City's water and wastewater systems. The City is required by bond ordinances to pledge the net revenues of the waterworks and wastewater system for the retirement of its outstanding revenue bonds, including interest thereon, and is required for such purposes to maintain debt service funds and bond reserve funds for all outstanding revenue bonds.

The debt service funds are restricted within the Enterprise Fund and require that net revenues of the City's waterworks and wastewater system, after operating and maintenance expenses are deducted, be irrevocably pledged by providing equal monthly installments which will accumulate to the semi-annual principal and interest requirements as they become due. For fiscal year 2025, net revenues available for debt service were 7.32 times the average annual debt service requirement.

The bond reserve funds for revenue bond retirement are also restricted within the Enterprise Fund. The City is in compliance with the requirement to maintain a combined reserve fund containing cash and investments in an amount equal to the average annual principal and interest requirements of all bonds then outstanding. The City also covenants under the bond indentures that reserve funds shall be invested in time deposits, certificates of deposit and direct or guaranteed obligations of the United States of America.

**Hotel Tax Revenue Bonds**

Hotel occupancy tax revenue bonds were issued to fund the City's portion of the convention center complex. The debt service fund for the hotel tax revenue bonds, aggregating \$687,067 at September 30, 2025, is reported in the governmental funds. Bond covenants require that the hotel tax revenues be irrevocably pledged by providing quarterly installments, which will accumulate to the semi-annual principal and interest requirements as they become due.

**CITY OF ROUND ROCK, TEXAS**  
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**Sales Tax Revenue Bonds**

Sales tax revenue bonds have been issued to fund transportation improvements. The Round Rock Transportation and Economic Development Corporation (RRTEDC) issued the sales tax revenue bonds. RRTEDC is a blended component unit of the City of Round Rock, which collects half of 1% of the sales tax collected by the State on its behalf. Although RRTEDC is presented as a blended component unit, none of the City's assets are pledged to payment of the bonds. The bonds are secured solely by a pledge of the revenues of the RRTEDC.

The debt service fund for the sales tax revenue bonds, aggregating \$609,116 at September 30, 2025, is reported in the governmental funds. Bond covenants require that RRTEDC's share of the sales tax is pledged as security for the bonds. RRTEDC provides monthly installments that accumulate to the semi-annual principal and interest requirements as they become due.

A reserve fund was not established for these bonds. RRTEDC purchased bond insurance to provide for payment of the principal and interest requirements in the event that pledged revenues are not sufficient.

**2025 Issuances**

In May of 2025, the City issued \$87,520,000 of General Obligation Bonds, Series 2025. The bonds were issued with an interest rate of 4.25% to 5.0% and mature through 2050. Proceeds from the sale will be used for (1) constructing, improving, extending, expanding, upgrading and/or developing City parks, recreation and sports projects and facilities, comprised of: a new recreation center building that also includes parks and recreation administration offices, an outdoor track, multi-purpose athletic fields, tennis complex relocation, Lakeview Pavilion improvements, Rock'N River Water Park expansion, Clay Madsen Recreation Center remodel, Sports Center expansion, Lawn at Brushy Creek park development, citywide trail expansion, Play For All Park improvements, and systemwide park improvements, as further set forth in Proposition A approved at the May 6, 2023 election; and (2) paying the costs of issuing the Bonds.

Additionally, in May 2025, the City issued \$19,620,000 of Combination Tax and Limited Revenue Certificates of Obligation, Series 2025. The certificates were issued with an interest rate of 4.375% to 5.000% and mature through 2050. Proceeds from the sale will be used for paying contractual obligations incurred or to be incurred by the City for (1) constructing, improving, extending, expanding, upgrading and/or developing streets, roads, bridges, sidewalks, intersections, traffic signalization and other transportation improvement projects including related waterworks, sewer and drainage improvements, signage, landscaping, irrigation, purchasing any necessary rights-of-way and other related transportation costs, including, but not limited to Arterial Bottleneck and Sidewalk Improvements, Chisholm Trail North and South, County Road 112, County Road 118, Deep Wood Drive, Eagles Nest, Gattis School Road Segments 2, 4, 5 and 6, Greenlawn Boulevard, Harrell Parkway, Kenney Fort Boulevard Segments 5 and 6, North Mays Gap/Widening, Old Settlers Boulevard, Red Bud North and South, Sam Bass & Hairy Man Road Intersection Improvements, US 79, and Wyoming Springs Drive; and (2) paying related professional services including for construction managers, engineers, architects, attorneys, auditors, financial advisors, fiscal agents and costs related to issuing the Certificates.

The City also issued \$4,775,000 Limited Tax Notes, Series 2025 in May 2025. The notes were issued with an interest rate of 5.000% and mature through 2031. The proceeds will be used for (1) purchasing City vehicles for the City's police, fire, parks, transportation, and building construction and facility maintenance departments and replacement vehicles for other City departments as needed; and (2) paying the costs of issuing the Notes.

**CITY OF ROUND ROCK, TEXAS**  
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**State Infrastructure Bank Loan**

In September 2022, the Round Rock Transportation and Economic Development Corporation entered into an agreement with the Texas Transportation Commission to borrow \$27,000,000 through the State Infrastructure Bank for utility relocation, right-of-way acquisition and construction for a non-tolled, off-system project involving various improvements to Gattis School Road in Williamson County. The loan does not bear interest for the initial three (3) years bearing interest at 2.10% per annum thereafter. Annual installments of \$1,340,000 to \$1,865,000 are due over twenty (20) years with a final maturity in August 2042.

**Excess Sales Tax Liability**

The City negotiated a long-term payout of excess sales tax received in prior years in the amount of approximately \$9.8 million, with the State Comptroller. This amount was collected by the City and the RRTEDC during the fiscal year periods 2012 through 2017. The total negotiated payout requires a four year repayment period of equal amounts deducted monthly from City's and the RRTEDC's sales tax receipts beginning with March 2024. In May 2024, a partial reversal by the Comptroller resulted in a lump sum deduction of \$1.7M against the total amount due. The \$203,170 monthly payments are to remain the same but shortens the repayment period by 8 months. No interest is associated with this long-term liability.

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**G. LEASES**

To enhance the relevance and consistency of information about the City's leasing activities, the City established a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset.

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At September 30, 2025, the City, has 10 active leases. The leases have payments that range from \$9,205 to \$540,319 and interest rates that range from 0.4350% to 8.5000%. The total combined value of the lease liability is \$3,404,738, and the total combined value of the short-term lease liability is \$1,068,958. The combined value of the right-to-use asset of \$5,105,957 with accumulated amortization of \$1,661,614 is included within the Lease Class activities table found below.

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	Lease Asset Value	Accumulated Amortization
Equipment	\$ 5,105,957	\$ 1,661,613
Total Leases	<u>\$ 5,105,957</u>	<u>\$ 1,661,613</u>

Principal and Interest Requirements to Maturity

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 1,068,958	\$ 125,856	\$ 1,194,814
2027	799,407	81,619	881,026
2028	815,394	56,547	871,941
2029	<u>720,979</u>	29,416	750,395
Total Principal Payments	3,404,738		
Cumulative Variance as of Fiscal Year-End	-		
Total Remaining Liability	<u>\$ 3,404,738</u>		

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**H. SUBSCRIPTIONS**

To enhance the relevance and consistency of information about the City's subscriptions activities, a single model for subscription accounting has been established based on the principal that subscriptions are financings of the right to use of an underlying asset.

The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide and proprietary financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At September 30, 2025 the City has 27 active subscriptions. The subscriptions have payments that range from \$3,400 up to \$1,358,924 and interest rates that range from 2.32% to 4.08%. The total combined value of the subscription liability is \$8,606,648, and the total combined value of the short-term subscription liability is \$2,936,007. The combined value of the right-to-use asset of \$15,780,840 with accumulated amortization of \$6,387,241 is included within the Subscription Class activities table found below.

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	Subscription Asset Value	Accumulated Amortization
Software	\$ 15,780,840	\$ 6,387,241
Total Subscriptions	<u>\$ 15,780,840</u>	<u>\$ 6,387,241</u>

Principal and Interest Requirements to Maturity

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 2,936,007	\$ 221,666	\$ 3,157,673
2027	2,895,159	143,159	3,038,318
2028	1,079,969	69,194	1,149,163
2029	946,928	42,619	989,547
2030	748,585	17,442	766,027
Total Principal Payments	8,606,648		
Cumulative Variance as of Fiscal Year-End	-		
Total Remaining Liability	<u>\$ 8,606,648</u>		

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**J. RESTRICTED ASSETS**

The following summarizes restricted assets by purpose at September 30, 2025:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Property Taxes Receivable</u>	<u>Sales Tax Receivable</u>	<u>Accounts and Other</u>
<b>Governmental Activities:</b>					
Debt Service Fund	\$ 1,807,905	\$ -	\$ 258,650	\$ -	\$ -
Restricted by debt covenants - Round Rock Transportation and Economic Development Corporation Fund	42,747,100	89,084,489	-	2,429,698	17,110,748
Debt-Financed Capital Projects Fund	38,573,094	-	-	-	-
Roadway Impact Fees Fund	3,144,612	7,300,230	-	-	41,270
Other Governmental funds	7,511,217	15,104,451	-	-	1,195,141
<b>Total Governmental Activities</b>	<u>\$ 93,783,928</u>	<u>\$ 111,489,170</u>	<u>\$ 258,650</u>	<u>\$ 2,429,698</u>	<u>\$ 18,347,159</u>

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>
<b>Business-Type Activities:</b>			
Water and Wastewater Fund - Impact fees	\$ 576,699	\$ 1,338,810	\$ -
Construction	2,360,727	5,480,438	-
Customer deposits	1,158,320	-	-
Revenue bond debt service	185,764	-	-
Accrued interest receivable	-	-	38,512
<b>Total Business-Type Activities</b>	<u>\$ 4,281,510</u>	<u>\$ 6,819,248</u>	<u>\$ 38,512</u>

**V. OTHER INFORMATION**

**A. COMMITMENTS AND CONTINGENCIES**

**Tax Collections**

The City has a contract with the tax offices of Williamson and Travis counties to collect City taxes and deposit monies into the City's accounts. For this service, Williamson County was paid \$18,394 and Travis County was paid \$1,233 for the fiscal year ended September 30, 2025.

**Commitments for Road Construction**

The City's component unit, the Round Rock Transportation and Economic Development Corporation has entered into various commitments with the State of Texas, Department of Transportation and neighboring cities/counties relative to the construction of roadways.

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**Water Supply Agreements**

On May 2, 1978, the City entered into the "Water Supply Contract" with the Brazos River Authority (BRA), providing the City the right to purchase 6,720 acre-feet of water per year from Lake Georgetown. A new agreement, "System Water Availability Agreement for Lake Georgetown" dated September 1, 2001, replaced that agreement. The new agreement revised the rate methodology from a tiered system rate, wherein rates change based upon the City's consumption, to a level system rate. For the fiscal year ended September 30, 2025, the City's cost under this contract was \$668,640.

On September 12, 1991, the City entered into the "Replacement Water Supply Agreement" with the BRA, wherein it received the right to purchase 8,134 acre-feet of water per year from Stillhouse Hollow Lake. Rights for an additional 10,000 acre-feet of water were acquired in the November 13, 1996, "System Water Supply Agreement". These agreements were replaced with the "System Water Availability Agreement for Lake Stillhouse Hollow" dated September 1, 2001. Under this agreement, the City purchases 18,134 acre-feet per year at the new system rate. For the fiscal year ended September 30, 2025, the City's cost under this contract was \$1,804,333.

Effective September 1, 2001, the City entered into a "System Water Availability Agreement for Colorado River Basin Water" with the BRA, wherein it received reserved water rights for an additional 6,944 acre-feet of water. Two subsequent agreements granted Round Rock rights to 13,984 additional acre-feet of water per year from the Colorado River Basin. For the fiscal year ended September 30, 2025, the City's cost under these contracts was \$2,184,898.

Future annual charges under the Water Supply Agreements will be based upon the system rate periodically set by the BRA.

**Regional Wastewater Project**

In December 2009, the Cities of Round Rock, Austin and Cedar Park purchased the Brushy Creek Regional Wastewater System (BCRWWS) assets from the Lower Colorado River Authority and entered into a Master Contract for the Financing, Construction, Ownership and Operation of the BCRWWS. The Master Contract provided for the terms and conditions by which the cities would jointly own and operate the BCRWWS.

In June 2010 and September 2023, the Cities of Round Rock, Austin and Cedar Park sold a share of the BCRWWS assets to the City of Leander, and all parties entered into the Amended and Restated Master Contract for the Financing, Construction, Ownership and Operation of the Brushy Creek Regional Wastewater System.

The BCRWWS treatment plant ownership is allocated based on the amount of reserved capacity each city has in the system. The system currently has a total treatment capacity of 33.0 MGD which is sufficient to meet future projected flows through 2030. The City of Round Rock's current reserved capacity in the system is 20.05 MGD, or 60.76%, of total treatment capacity.

The Cities of Round Rock, Austin, Cedar Park and Leander entered into an interlocal agreement in July 2018 for the City of Round Rock to take over operations and maintenance of the BCRWWS effective October 1, 2018. Previously, the BCRWWS was operated by the Brazos River Authority on behalf of the cities.

The cost of the BCRWWS operation and maintenance expenses are allocated based on each city's annual flow percentage into the system. For fiscal year ended September 30, 2025, the City of Round Rock's allocated share of operation and maintenance expenses was 68.26%.

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**Other**

The City is a defendant in a number of lawsuits arising principally from claims against the City for alleged improper actions by City employees. Total damages claimed are substantial; however, it has been the City's experience that such actions are usually dismissed or settled for amounts substantially less than the claimed amounts. The City Attorney estimates that the potential claims against the City not covered by various insurance policies would not materially affect the financial condition of the City.

**Arbitrage Rebate**

Due to requirements of the Tax Reform Act of 1986, the City annually contracts for the computations of arbitrage rebate requirements for the City's various bond issues. There is no arbitrage liability at September 30, 2025, and the City estimates that future rebatable arbitrage liability (if any) will be immaterial to overall financial conditions..

**Deferred Compensation Plan**

The City offers its employees a deferred compensation plan that permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 of the Internal Revenue Code (IRC), are not available to employees until termination of employment, retirement, death or an unforeseen emergency. A third-party administrator, Nationwide Retirement Solutions, administers contributions to the plan. Effective January 1997, and in compliance with the provisions of the IRC Section 457(g), the plan assets are in custodial accounts for the exclusive benefit of the plans' participants and beneficiaries. In accordance with GASB Statement No. 32, the City provides neither administrative services nor investment advice to the plans and therefore, no fiduciary relationship exists between the City and the deferred compensation plan.

**Economic Development**

The City enters into economic development agreements designed to promote development and redevelopment within the City, create primary jobs, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of Round Rock. The City negotiates property tax, hotel occupancy tax, and sales tax rebates and incentives on an individual basis. Each agreement was negotiated under Chapter 380 of the Texas Local Government Code. Under a 380 economic development agreement, the recipient pays the total taxes due to the City and the City rebated a portion of the taxes paid based on the terms of the agreement. The City has a recapture clause in each agreement. Amounts paid for the rebate and incentive program for the year ended September 30, 2025, are summarized below. No tax abatements were made under Chapter 312, Property Redevelopment and Tax Abatement Act, of the Texas Local Government Code.

<u>Rebate and Incentive Programs</u>	<u>Amount</u>
Hotel Occupancy Tax	\$ 1,631,573
Property Tax	1,205,100
Sales Tax	12,540,259

The City is not subject to any tax abatement agreements entered into by other governmental entities. However, the City may also act as a conduit for the refunding of state sales and hotel occupancy taxes generated by a qualifying project under Sections 151.429(h), 351.102(b), and 351.1022 of the Texas Tax Code Sections 2302.5055 of the Texas Government Code, and other applicable laws.

**B. RISK MANAGEMENT**

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool (Pool). The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation and numerous other coverages. All

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billed premiums upon the coverage have been paid. The City’s agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide reinsurance contracts through commercial companies. The Pool agrees to handle all liability, property and workers’ compensation and other claims, including the costs of defense, as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the past three years.

**Self-Funded Health Insurance Fund**

The City is self-funded for employee medical and dental benefits. The self-insurance program is maintained in the Self-Funded Health Insurance Internal Service Fund. This program provides health benefit coverage in accordance with a pre-approved plan that establishes coverage limits per employee per year with contributions provided by both the City and participating employees.

Group medical and dental benefit claims are administered by third party insurance providers. Throughout the policy year, the excess "stop loss" insurance carrier reimburses the City for catastrophic medical claims that exceed \$200,000 per insured. The minimum annual aggregate deductible is \$21,785,101 or 95% of the first monthly aggregate deductible amount times 12, whichever is greater. An analysis of claims activities is presented below:

Fiscal Year	Beginning Liability	Claims and Changes in Estimates	Actual Claim Payments	Ending Liability
2023	\$ 514,699	\$ 13,468,525	\$ 12,980,217	\$ 1,003,007
2024	1,003,007	15,233,470	15,017,823	1,218,654
2025	1,218,654	18,455,165	18,598,247	1,075,572

**C. EMPLOYEE RETIREMENT PLAN**

**Plan Description**

The City participates as one of more than 935 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (The TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the city-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

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A summary of plan provisions for the City is as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years and any age, vested and age 60
Updated Service Credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Retroactive
Supplemental death benefits for employees and retirees	Yes

**Employees Covered by Benefit Terms**

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	522
Inactive employees entitled to but not yet receiving benefits	630
Active employees	<u>1,166</u>
Total	<u><u>2,318</u></u>

**Contributions**

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the entry age normal actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their total compensation during the fiscal year. The City elected to contribute for calendar years 2024 and 2025 as follows:

	<u>2024</u>	<u>2025</u>
Total Retirement Rate	16.98%	17.09%
Supplemental Death Benefit	<u>0.24</u>	<u>0.24</u>
Total Combined Contribution	<u><u>17.22%</u></u>	<u><u>17.33%</u></u>

The City's contributions to TMRS for the year ended September 30, 2025, were \$17,927,382 and were equal to the required contributions.

**Net Pension Liability**

The City's net pension liability (NPL) was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018, to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for annuity purchase rates is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the table that follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.1%
Core Fixed Income	6.0%	5.0%
Non-Core Fixed Income	6.0%	6.8%
Other Private Markets	4.0%	7.3%
Real Estate	12.0%	6.7%
Hedge Funds	5.0%	6.4%
Private Equity	13.0%	8.5%
Private Debt	13.0%	8.2%
Infrastructure	6.0%	6.0%
Total	<u>100.0%</u>	

***Discount Rate***

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

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***Changes in the Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2023	\$ 438,762,992	\$ 368,629,927	\$ 70,133,065
Changes for the year:			
Service cost	18,065,141	-	18,065,141
Interest	29,721,587	-	29,721,587
Difference between expected and actual experience	6,268,539	-	6,268,539
Changes in Assumptions	-	-	-
Contributions - employer	-	16,661,912	(16,661,912)
Contributions - employee	-	6,868,875	(6,868,875)
Net investment income	-	38,378,257	(38,378,257)
Benefit payments, including refunds of employee contributions	(14,951,519)	(14,951,519)	-
Administrative expense	-	(245,647)	245,647
Other	-	(5,745)	5,745
Net changes	39,103,748	46,706,133	(7,602,385)
Balance at December 31, 2024	<u>\$ 477,866,740</u>	<u>\$ 415,336,060</u>	<u>\$ 62,530,680</u>

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as what the City's NPL would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	5.75%	6.75%	7.75%
City's Net Pension Liability	\$ 136,013,586	\$ 62,530,680	\$ 2,598,654

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position by participating City. That report may be obtained at [www.tmr.com](http://www.tmr.com).

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**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2025, the City recognized a decrease to pension expense of \$2,586,000. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 13,756,794	\$ -
Difference between projected and actual investment earnings	-	4,691,797
Changes in actuarial assumptions used to determine pension liability	-	567,800
Pension contributions after measurement date	13,018,383	-
Total	\$ 26,775,177	\$ 5,259,597

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$13,018,384 will be recognized as a reduction of the NPL for the measurement year ending December 31, 2025, (i.e., recognized in the City's financial statements September 30, 2026). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 5,134,435
2026	8,213,964
2027	(3,212,809)
2028	(1,638,392)
2029	-
Thereafter	-
Total	\$ 8,497,198

**D. OTHER POST-EMPLOYMENT BENEFITS**

The City participates in funding two OPEB plans. One plan is the Supplemental Death Benefits Fund (SDBF) administered by TMRS. The other is medical and prescription drug coverage offered to retirees and their dependents and is a self-funded health insurance plan.

SDBF: TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which the City has elected, by ordinance, to provide group-term life insurance coverage (supplemental death benefits) to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year, to be effective the following January 1. The retiree portion of the SDBF is considered a single-employer plan.

Self-Funded Health Insurance: The City offers its retirees and their dependents medical, dental and vision insurance until age 65. Medical insurance includes prescription drug coverage. The plans are the same as the active plans. The retirees are required to make significantly higher contributions than the actives. However, these higher contributions still do not fully cover the cost of the retirees on a stand-alone basis, thus generating a retiree medical liability. Once a retiree or dependent becomes eligible for Medicare at age 65, he/she is no longer eligible for benefits. Also, retirees are no longer eligible if they have insurance or are eligible for insurance through another employer. This significantly limits the number of retirees on the plan, the benefits paid during the life of a retiree and consequently, the liability. This plan is considered a single-employer defined benefit OPEB plan.

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**Benefits Provided**

SDBF: Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). Retired employees are insured for \$7,500; this coverage is an “other post-employment benefit,” or OPEB. The City offers supplemental death benefits to both active employees and retirees.

As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Self-Funded Health Insurance: All retirees who are eligible to receive pension benefits under the City’s pension system are eligible for OPEB. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate. Eligible dependents of the retiree include a legally married spouse, children under age 26, and eligible disabled children beyond 26 years of age, if covered prior to age 26. A surviving spouse of a deceased retiree is ineligible to continue retiree medical, dental, and/or vision coverage. However, a surviving spouse may elect COBRA coverage for no more than 36 months and are required to pay the entire COBRA premium plus a 2 percent administrative fee.

**Employees Covered by Benefit Terms**

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

SDBF:

Inactive employees currently receiving benefits	429
Inactive employees entitled to but not yet receiving benefits	177
Active employees	1,166
Total	1,772

Self-Funded Health Insurance:

Inactive employees (retirees)	37
Active employees	1,006
Total	1,043

**Contributions**

SDBF: The City contributes to SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance and represents 0.20% of required contributions. The City’s contributions to SDBF for the years ended 2025, 2024, and 2023 were \$61,450, \$57,480, and \$24,027, respectively, which equaled the required contributions each year. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

The retiree-only portion of the SDBF rate was 0.06% for the years ended 2025, 2024, and 2023.

Self-Funded Health Insurance: OPEB are funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as an expense and corresponding revenue in the Internal Service Fund (self-funded health insurance). Medical, dental, vision, and life insurance premiums are reported in this fund.

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The City is under no obligation, statutory or otherwise, to offer OPEB or to pay any portion of the cost of OPEB to any retirees or their dependents. Allocation of City funds to pay OPEB or to make OPEB available is determined on an annual basis by the City Council as part of the budget approval process.

**Total OPEB Liability**

For the fiscal year ended September 30, 2025, the City recognized a total OPEB liability of \$20,743,703, \$2,554,808 of which was for the SDBF, and \$18,188,895 for the Self-Funded Health Insurance plan. Both were measured as of December 31, 2024, and were determined by an actuarial valuation as of that date.

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**Actuarial Assumptions**

The total OPEB liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

	SDBF	Self-Funded Health Insurance
Inflation	2.5%	2.5%
Salary increases	3.6% to 11.85% including inflation	3.0%
Discount rate**	4.08%	4.16%
Healthcare cost trend rate	None	Getzen model (7.73% to 3.94%)
Retirees' share of benefit-related costs	\$ 0	Varies based on plan elected and years of service
Actuarial cost method***	Entry Age Normal Actuarial Cost Method	Entry Age Normal Cost Method
Mortality	<p>For service retirees: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and females rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).</p> <p>For disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.</p>	
Development of claims	None	<p>Retiree medical and pharmacy claims, as well as administrative fees, were projected to the following fiscal year and age-adjusted to age 65. Retiree contributions were netted out. That net cost is assumed to be of a retiree at the average age of retirees. Costs were then spread to the other ages by using the age factors developed by the Society of Actuaries Unisex model.</p>

\*\* Because this plan is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the total OPEB liability is based on the Fidelity Index's "20-Bond GO Index" closest to, but not later than December 31, 2024.

\*\*\* This method develops the annual cost of the plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued liability are calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member's

**CITY OF ROUND ROCK, TEXAS**  
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compensation throughout their period of anticipated covered service with the City, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with the current city. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated.

Specific to the self-funded health insurance plan, at the time the employee enters the plan (usually at date of hire), the present value of future benefits is set equal to the present value of future normal costs. Instead of the normal costs being a level dollar amount, they are set as a level percent of salary. The accrued liability then is just the present value of past normal costs brought forward from the entry date to the measurement date.

SDBF: The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

***Changes in the Total OPEB Liability***

	SDBF	Self-Funded Health Insurance	Total
Balance at December 31, 2023	\$ 2,567,643	\$ 17,177,841	\$ 19,745,484
Changes for the year:			
Service cost	127,565	1,317,669	1,445,234
Interest	98,095	742,720	840,815
Differences between expected and actual experience	(28,353)	540,885	512,532
Changes in assumptions or other inputs	(151,266)	(233,970)	(385,236)
Benefit payments	(58,876)	(1,356,252)	(1,415,128)
Net changes	(12,835)	1,011,052	998,217
Balance at December 31, 2024	<u>\$ 2,554,808</u>	<u>\$ 18,188,893</u>	<u>\$ 20,743,701</u>

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following tables present the total OPEB liability of the City, calculated using the discount rate (4.08% for SDBF and 4.16% for the Self-Funded Health Insurance plan), as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
SDBF	\$ 3,089,523	\$ 2,554,808	\$ 2,141,071
	1% Decrease 3.16%	Current Discount Rate 4.16%	1% Increase 5.16%
Self-Funded Health Insurance	\$ 19,395,122	\$ 18,188,893	\$ 17,022,773

**CITY OF ROUND ROCK, TEXAS**  
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The following table presents the total OPEB liability of the City, calculated using the healthcare trend rate of 7.73% to 3.94%, as well as what the City's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (6.73% to 2.94%) or 1-percentage-point higher (8.73% to 4.94%) than the current healthcare trend rate:

	1% Decrease	Healthcare Trend Rate	1% Increase
Self-Funded Health Insurance	\$ 16,392,117	\$ 18,188,893	\$ 20,253,035

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***

For the fiscal year ended September 30, 2025, the City recognized total OPEB expense of \$1,614,215, \$67,172 of which was for the SDBF, and \$1,547,043 for the Self-Funded Health Insurance plan. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Self-Funded Health Insurance		Total	Self-Funded Health Insurance		Total
	SDBF			SDBF		
Difference between expected and actual experience	\$ 11,125	\$ 458,852	\$ 469,977	\$ 66,552	\$ 1,876,794	\$ 1,943,346
Changes in assumptions and other inputs	356,427	541,446	897,873	868,252	1,731,749	2,600,001
OPEB contributions after measurement date	44,866	900,000	944,866	-	-	-
Total	\$ 412,418	\$ 1,900,298	\$ 2,312,716	\$ 934,804	\$ 3,608,543	\$ 4,543,347

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$944,866 will be recognized as a reduction of the total OPEB for the measurement year ending December 31, 2025 (i.e., recognized in the City's financial statements September 30, 2026). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources	
	SDBF	Self-Funded Health Insurance
	2025	\$ (87,060)
2026	(122,954)	(620,418)
2027	(181,986)	(673,217)
2028	(150,325)	(530,954)
2029	(16,920)	(190,864)
Thereafter	(8,007)	27,625
Total	\$ (567,252)	\$ (2,608,246)

**CITY OF ROUND ROCK, TEXAS  
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**E. MUNICIPAL GOLF COURSE**

**Management Agreement**

Management of the City's golf course has been performed by a private operator in accordance with the terms of a Management Agreement since 1989. The agreement began on January 1, 2017 but at third calendar year of initial term (January 1, 2020), the term automatically renews such that the balance of the term is always two years. Either party has the option to terminate the agreement with two (2) years written notice. Under conditions set forth in the Management Agreement, the operator shall be paid a monthly base management fee. Additionally, the operator may earn an annual incentive management fee based upon gross receipts of the golf course.

**F. SUBSEQUENT EVENTS**

**Sales Tax**

A significant multi-entity sales taxpayer with an incentive agreement notified the City during FY 2025 that the Comptroller was continuing its 5-year sales tax audit, originally disclosed in FY 2023. Preliminary results indicate the sales tax was overreported and overpaid which will result in an additional one-time sales tax repayment from the City to the Comptroller of approximately \$8 million. The City will recover a portion of the assessment through an adjustment to the existing incentive agreement. The City anticipates settlement of the amount during FY 2026.

**G. RESTATEMENT OF BEGINNING BALANCES**

During the current year, the City implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of vacation and sick time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick, personal, catastrophic, and holiday leave, as applicable, earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the "Restatement - GASB 101 implementation" column in the table below.

	<u>Net position/fund balance 9/30/2024 as previously reported</u>	<u>Restatement - GASB 101 implementation</u>	<u>Net position/fund balance 9/30/2024 as restated</u>
<b>Government-Wide</b>			
Governmental activities	\$ 734,423,060	\$ (9,355,876)	\$ 725,067,184
Business-type activities	<u>610,708,914</u>	<u>(1,322,484)</u>	<u>609,386,430</u>
<b>Total government-wide</b>	<u>\$ 1,345,131,974</u>	<u>\$ (10,678,360)</u>	<u>\$ 1,334,453,614</u>
<b>Enterprise funds</b>			
Water and Wastewater Fund	\$ 598,964,263	\$ (1,322,484)	\$ 597,641,779
Golf Course Fund	<u>11,744,651</u>	<u>-</u>	<u>11,744,651</u>
<b>Total enterprise funds</b>	<u>\$ 610,708,914</u>	<u>\$ (1,322,484)</u>	<u>\$ 609,386,430</u>



**APPENDIX C**

**FORMS OF BOND COUNSEL'S OPINIONS**

*[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.]*

**CITY OF ROUND ROCK, TEXAS,  
GENERAL OBLIGATION BONDS, SERIES 2026  
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$100,000,000\***

**AS BOND COUNSEL FOR THE CITY OF ROUND ROCK, TEXAS** (the "City") in connection with the issuance of the bonds described above (the "Bonds"), we have examined the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds and in the ordinance of the City adopted on April 23, 2026 authorizing the issuance of the Bonds (the "Ordinance").

**WE HAVE EXAMINED** the applicable and pertinent provisions of the Constitution and laws of the State of Texas, certified copies of the pertinent proceedings of the City, and other pertinent documents authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1).

**BASED ON SAID EXAMINATION, IT IS OUR OPINION** that the Bonds have been duly authorized, issued and delivered in accordance with law; that the Bonds, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the City; and that ad valorem taxes sufficient to provide for the payment of the interest on and the principal of the Bonds have been levied and pledged for such purpose, within the limits prescribed by law, on taxable property within the City as provided in the Ordinance.

**IT IS FURTHER OUR OPINION**, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the

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\* Preliminary, Subject to Change.



property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the City fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

**WE CALL YOUR ATTENTION TO THE FACT** that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

**EXCEPT AS STATED ABOVE**, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

**OUR OPINIONS 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 our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "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. 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 Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted 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 Bonds as includable in gross income for federal income tax purposes.

**WE EXPRESS NO OPINION** as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

**OUR SOLE ENGAGEMENT** in connection with the issuance of the Bonds is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the



disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of the City and the assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

**THE FOREGOING OPINIONS** represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

*[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Certificates, assuming no material changes in facts or law.]*

**CITY OF ROUND ROCK, TEXAS,  
COMBINATION TAX AND LIMITED REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2026  
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$93,000,000\***

**AS BOND COUNSEL FOR THE CITY OF ROUND ROCK, TEXAS** (the "City") in connection with the issuance of the certificates described above (the "Certificates"), we have examined the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates, until maturity or redemption, at the rates and payable on the dates specified in the text of the Certificates and in the ordinance of the City adopted on April 23, 2026 authorizing the issuance of the Certificates (the "Ordinance").

**WE HAVE EXAMINED** the applicable and pertinent provisions of the Constitution and laws of the State of Texas, certified copies of the pertinent proceedings of the City, and other pertinent documents authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate Number T-1).

**BASED ON SAID EXAMINATION, IT IS OUR OPINION** that the Certificates have been duly authorized, issued and delivered in accordance with law; that the Certificates, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the City; and that ad valorem taxes sufficient to provide for the payment of the interest on and the principal of the Certificates have been levied and pledged for such purpose, within the limits prescribed by law, on taxable property within the City and the Certificates are additionally secured by and payable from a limited pledge of surplus revenues of the City's utility system all as provided in the Ordinance.

**IT IS FURTHER OUR OPINION**, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain

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\* Preliminary, Subject to Change.



representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the City fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

**WE CALL YOUR ATTENTION TO THE FACT** that the interest on tax-exempt obligations, such as the Certificates, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

**EXCEPT AS STATED ABOVE**, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

**OUR OPINIONS 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 our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "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. 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. We observe that the City has covenanted 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.

**WE EXPRESS NO OPINION** as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

**OUR SOLE ENGAGEMENT** in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross



income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of the City and the assessed valuation of taxable property within the City and the sufficiency of the revenues pledged by the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

**THE FOREGOING OPINIONS** represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

*[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Notes, assuming no material changes in facts or law.]*

**CITY OF ROUND ROCK, TEXAS,  
LIMITED TAX NOTES, SERIES 2026  
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$5,300,000\***

**AS BOND COUNSEL FOR THE CITY OF ROUND ROCK, TEXAS** (the "City") in connection with the issuance of the notes described above (the "Notes"), we have examined the legality and validity of the Notes, which bear interest from the dates specified in the text of the Notes, until maturity or redemption, at the rates and payable on the dates specified in the text of the Notes and in the ordinance of the City adopted on April 23, 2026 authorizing the issuance of the Notes (the "Ordinance").

**WE HAVE EXAMINED** the applicable and pertinent provisions of the Constitution and laws of the State of Texas, certified copies of the pertinent proceedings of the City, and other pertinent documents authorizing and relating to the issuance of the Notes, including one of the executed Notes (Note Number T-1).

**BASED ON SAID EXAMINATION, IT IS OUR OPINION** that the Notes have been duly authorized, issued and delivered in accordance with law; that the Notes, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the City; and that ad valorem taxes sufficient to provide for the payment of the interest on and the principal of the Notes have been levied and pledged for such purpose, within the limits prescribed by law, on taxable property within the City as provided in the Ordinance.

**IT IS FURTHER OUR OPINION**, except as discussed below, that the interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Notes are not "specified private activity bonds" and that, accordingly, interest on the Notes will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain

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\* Preliminary, Subject to Change.



covenants regarding the use and investment of the proceeds of the Notes and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the City fails to comply with such covenants, interest on the Notes may become includable in gross income retroactively to the date of issuance of the Notes.

**WE CALL YOUR ATTENTION TO THE FACT** that the interest on tax-exempt obligations, such as the Notes, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

**EXCEPT AS STATED ABOVE**, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Notes, including the amount, accrual or receipt of interest on, the Notes. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Notes.

**OUR OPINIONS 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 our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "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. 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 Notes. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted 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 Notes as includable in gross income for federal income tax purposes.

**WE EXPRESS NO OPINION** as to any insurance policies issued with respect to the payments due for the principal of and interest on the Notes, nor as to any such insurance policies issued in the future.

**OUR SOLE ENGAGEMENT** in connection with the issuance of the Notes is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Notes under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Notes for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any



records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Notes, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Notes and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of the City and the assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Notes has been limited as described therein.

**THE FOREGOING OPINIONS** represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,